

1 UNITED STATES DISTRICT COURT
2 CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION
3 HONORABLE S. JAMES OTERO, U.S. DISTRICT JUDGE
4

5 FEDERAL TRADE COMMISSION,)
6)
7 Plaintiff,) Case No.
8) ED CV 18-2104-SJO
9 vs.)
10) **Volume 2**
11 JASON CARDIFF, ET AL.,) **(Pages 157 - 303)**
12)
13 Defendants.)
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REPORTER'S TRANSCRIPT OF PROCEEDINGS

ORDER TO SHOW CAUSE RE: CONTEMPT

TUESDAY, JULY 30, 2019

8:54 A.M.

LOS ANGELES, CALIFORNIA

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I N D E X

TUESDAY, JULY 30, 2019

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1 LOS ANGELES, CALIFORNIA; TUESDAY, JULY 30, 2019

2 8:54 A.M.

3 -oOo-

4
5 THE CLERK: Calling Item No. 1, ED CV 18-2104,

6 Federal Trade Commission versus Jason Cardiff, et al.

7 Counsel, state your appearances, please.

8 MS. SANGER: Elizabeth Sanger for the Federal Trade
9 Commission.

10 MR. PRUNTY: James Prunty for the Federal Trade
11 Commission.

12 MR. RODRIGUEZ: Edwin Rodriguez for the Federal
13 Trade Commission.

14 MR. FLETCHER: Good morning, Your Honor.
15 Mike Fletcher, Frandzel Robins, on behalf of the receiver, Robb
16 Evans & Associates.

17 MR. WHITE: Good morning, Your Honor. James White
18 on behalf of Jason and Eunjung Cardiff.

19 MR. THURMAN: Good morning, Your Honor. Michael
20 Thurman on behalf of the defendants, the Cardiff defendants.

21 MR. COLAIZZI: Good morning, Your Honor. Roger
22 Colaizzi with Venable on behalf of Jacques Poujade.

23 MR. ROTHMAN: Good morning, Your Honor. Ari Rothman
24 also from Venable on behalf of Jacques Poujade.

25 MR. KINNEY: Good morning, Your Honor. Michael

1 Kinney on behalf of Jacques Poujade.

2 THE COURT: And Mr. Poujade is present also.

3 Thank you.

4 So good morning to everyone. I understand from the
5 clerk that the -- that Mr. Cardiff's Irish passport has now
6 been returned to the receiver and that problem has been
7 addressed. Is that correct?

8 MR. FLETCHER: Yes, Your Honor. I have the
9 passport. Counsel handed it to me this morning. I have it
10 here in case the Court wants to examine it. Otherwise I'll
11 hand it to the receiver.

12 THE COURT: And I just want to make sure that
13 counsel for the FTC has been able to examine the passport.

14 MS. SANGER: If I could take a look real quickly.
15 We've had a chance to examine the passport,
16 Your Honor.

17 THE COURT: The Court would conclude that the
18 contempt has been purged and therefore Mr. Cardiff will be
19 released from custody.

20 MR. THURMAN: Thank you, Your Honor.

21 MR. WHITE: Your Honor, Mr. Cardiff is in leg irons.
22 May those be --

23 THE COURT: Yes. All of that should be removed.
24 He's no longer in custody.

25 MR. WHITE: Thank you, Your Honor.

1 MR. FLETCHER: Your Honor, with the Court's
2 permission, I'll hand the passport to the receiver.

3 THE COURT: Yes, please.

4 MR. FLETCHER: Thank you, Your Honor.

5 THE COURT: Then, Mr. Poujade, would you resume your
6 seat in the witness chair, please.

7 MR. COLAIZZI: Your Honor?

8 THE COURT: Yes.

9 MR. COLAIZZI: If I may, I spoke with Mr. Fletcher
10 this morning, and he has got some direct examination of -- or
11 maybe it's cross, however you want to call it, of Mr. Poujade.
12 And so it's fine for him to go first.

13 THE COURT: Yes, please.

14 MR. FLETCHER: Thank you, Your Honor. I approached
15 counsel and asked what his preference is, and he expressed that
16 preference, and frankly I don't care.

17 THE COURT: Okay. Your witness.

18 MR. FLETCHER: Thank you, Your Honor.

19 A housekeeping matter. I have handed the clerk two
20 copies of Mr. Poujade's declaration and exhibits. They are in
21 the Court's docket at 148-13 and 148-14. The clerk has two
22 hard copies which I've hand identified as Receiver's 2. And
23 would the Court prefer that I refer to them by the ECF docket
24 number, 148-13, 148-14, or as Receiver's 2?

25 THE COURT: Let's -- Receiver's 2.

1 MR. FLETCHER: Very well, Your Honor. And could I
2 ask the Court for one copy of Receiver's 2 to be handed to the
3 witness? And I also believe that Ms. Sanger has the same
4 document electronically, and she'll put it up on the screen.

5 THE COURT: I've been handed two copies. So let me
6 provide the clerk with one so he can provide it to Mr. Poujade.

7 MR. COLAIZZI: Your Honor, may I interrupt?

8 THE COURT: Yes.

9 MR. COLAIZZI: This document of course was filed and
10 he's got the correct number for it. But there was a corrected
11 document filed at 153-5. So we would object to not using the
12 corrected document.

13 MR. FLETCHER: Your Honor, I understand that at one
14 point, a different declaration was lodged with this Court that
15 makes certain changes. I don't believe any question I have of
16 the witness gets into an area where there's been a change, but
17 I'm also of the belief that when you declare something under
18 penalty of perjury, facts don't change. I certainly have no
19 problem with counsel pointing out if there's been a change.

20 THE COURT: Well, if there are inconsistencies in
21 the statements between the two documents, that may be a matter
22 for the Court to consider. So you can proceed.

23 MR. FLETCHER: Thank you, Your Honor. May I
24 inquire?

25 THE COURT: Yes.

1 JACQUES POUJADE,
2 called as a witness, was previously sworn and testified as
3 follows:

4 CROSS-EXAMINATION

5 BY MR. FLETCHER:

6 Q Good morning, Mr. Poujade. I'm Mike Fletcher.
7 I'm with Frandzel Robins. I represent the receiver in this
8 matter.

9 You should have in front of you a copy of a
10 document that's now been marked for identification as
11 Receiver's 2 in the lower right-hand corner of the first page.

12 Do you have that?

13 A I do.

14 Q Okay.

15 And for ease of everyone's reference, the next
16 page is simply a printout from this Court's docket because when
17 we printed Mr. Poujade's declaration, 148-13, for some reason
18 the ECF header didn't print. So the next page is the docket
19 reference so that everyone can see what we are talking about.

20 Mr. Poujade, first as a housekeeping matter, on
21 Receiver's 2, if you could turn to page 19, page number at the
22 bottom, there appears to be a signature there. Let me know
23 when you are there, sir.

24 A Yes.

25 Q Is that, in fact, on page 19 your signature?

1 A Yes.

2 Q And did you, in fact, sign Receiver's 2 on
3 July 8, 2019, at Aliso Viejo in California?

4 A Yes.

5 Q Thank you.

6 While we are doing signatures, let's take care of
7 the other ones that I'm interested in. Exhibit 2 to the
8 declaration what I'm going to call Bates stamp page 26. That's
9 lawyer talk for there's a number in the lower right-hand
10 corner, 26. It's part of Exhibit 2. Are you there?

11 A Page 26, yes.

12 Q Page 26, do you see a signature on page 26 of
13 Exhibit 2?

14 A Yes.

15 Q Is that, in fact, your signature?

16 A Yes.

17 Q Final signature, if you could continue on to
18 page 29, we have another signature. Same question. Is that
19 your signature?

20 A Yes.

21 Q Thank you.

22 Now, if I recall your testimony correctly from
23 yesterday, you indicated that money flowed in from Irwin Lowy
24 which I gather is a Canadian law firm into the account at
25 TD Canada; is that correct?

1 A Yes.

2 Q Could you turn to page 27 of Exhibit 3. Are you
3 there?

4 A Yes.

5 Q And up at the top, it says "Subscription
6 Agreement to Clover Cannastrip Thin Film Technologies Corp.,
7 the company," and then "and to Irwin Lowy LLP" and then a
8 definition "ILL." Do you see that?

9 A On page 27?

10 Q On page 27 in the upper left.

11 A Yes.

12 Q When you referred to Irwin Lowy yesterday, was
13 this the law firm you were referring to?

14 A Yes.

15 Q Now, if I understood your testimony correctly,
16 money flowed into Irwin Lowy and then got turned over to the
17 TD Bank account in September; correct?

18 A Yes.

19 Q And I believe you characterize that as a mistake
20 because it wasn't your money yet; right?

21 A Yes.

22 Q Okay. If I'm understanding this transaction
23 correctly -- could you turn back to page 29 --

24 A Yes.

25 Q -- of Exhibit 3?

1 If I'm understanding this transaction correctly,
2 these stock transactions that you were assembling in Canada
3 closed, I believe you indicated, on November 5, 2018; correct?

4 A Yes. This particular transaction did.

5 Q And your signature on page 29, in fact, is dated
6 November 5; correct?

7 A Yes.

8 Q Okay. Now, yesterday we talked about a couple of
9 transfers out of this account, and I believe the FTC had a
10 slide if they can find it. It's the next one. Up on your
11 screen -- oh, it was up on your screen -- was a demonstrative
12 exhibit called Clover Cannastrip TD Canada account. Do you see
13 that?

14 A Yes.

15 Q And then there's a red date line, October 12,
16 2018, "Cardiffs served with TRO." Do you see that?

17 A Yes.

18 Q All right. There was a transaction on
19 October 16, 2018, where 1.2 million was wired out of the
20 account by you with Mr. Cardiff's assistance to Sui & Company;
21 correct?

22 A Correct.

23 Q And Sui & Company are lawyers in British
24 Columbia; correct?

25 A Yes. They are corporate counsel.

1 Q Corporate counsel for --

2 A Clover Cannastrip TD.

3 Q Clover Cannastrip?

4 A Clover Cannastrip, yes.

5 Q I believe your testimony was the money that came
6 in in September should not have come in from Irwin Lowy. They
7 made a mistake. It wasn't your money. So the money -- this
8 million two Canadian went to Sui & Company; correct?

9 A Correct.

10 Q I believe you characterized these transfers above
11 the red line as improper because that wasn't your money?

12 A Correct.

13 Q Okay. So here's my question. If the overall
14 stock deal didn't close until November 5, you took 360,000
15 Canadian dollars that wasn't yours and sent it to your brother
16 on October 18th; isn't that correct? Not your money?

17 A The conditions precedent to it --

18 Q Yes or no?

19 A Yes.

20 Q Did you send 360,000 of money that was not yours
21 to your brother on October 18th?

22 A Yes.

23 Q Now, in the little town I'm from in Central
24 California, that's called stealing.

25 THE COURT: Let's not be argumentative, please.

1 BY MR. FLETCHER:

2 Q Was that an appropriate transaction, Mr. Poujade?

3 A Your categorization was not appropriate, but the
4 transaction was appropriate.

5 Q But you didn't own the money?

6 A The condition --

7 Q Yes or no?

8 A Technically, no.

9 Q Now, Mr. Cardiff signed a document from
10 TD Canada where he identified himself as the president of
11 Clover Cannastrip; correct?

12 A That is submitted into evidence.

13 Q So he did sign that; right?

14 A Yes.

15 Q And he labeled himself as president?

16 A Yes.

17 Q Was he lying?

18 A It was a misstatement or miscategorization of his
19 position.

20 Q So you are saying he was not president?

21 A He was never president.

22 Q Now, is it a serious offense in Canada to say
23 something that's not true to a Canadian bank?

24 A You'd have to ask the Canadians. I don't know.

25 Q You are a charter accountant in Canada, are you

1 not?

2 A I don't know.

3 Q You don't know.

4 You are an executive of any number of American
5 financial institutions; correct?

6 A Yes.

7 Q Would it be inappropriate here?

8 MR. COLAIZZI: Your Honor, I'll object. This is
9 calling for a legal conclusion. He's asking about whether it's
10 lawful.

11 THE COURT: Overruled.

12 BY MR. FLETCHER:

13 Q You may answer.

14 A Could you repeat the question?

15 Q Your declarations, all of them, reference all
16 sorts of involvement in American financial institutions;
17 correct?

18 A Yes.

19 Q And I believe you corrected counsel for the FTC
20 yesterday indicating that they had left out a whole bunch of
21 ones; right?

22 A Yes.

23 Q Is it inappropriate in the United States to say
24 something that's not true --

25 A Yes.

1 Q -- to a financial institution?

2 A Yes.

3 MR. FLETCHER: I have no further questions of this
4 witness at this time, Your Honor.

5 THE COURT: Thank you.

6 THE WITNESS: Thank you, sir.

7 THE COURT: Direct?

8 Just for the marshals, the contempt has been purged.
9 So Mr. Cardiff is no longer in custody. You are welcome to
10 remain, but it's no longer required.

11 THE BAILIFF: Yes, Your Honor.

12 THE COURT: Thank you.

13 MR. COLAIZZI: May I proceed, Your Honor?

14 THE COURT: Yes.

15 REDIRECT EXAMINATION

16 BY MR. COLAIZZI:

17 Q Good morning, Mr. Poujade.

18 A Good morning.

19 Q I want to go back and give you a chance to give
20 us some information about your background. You got some of it
21 out when Mr. Prunty was questioning you, but clearly there was
22 more.

23 So if you could briefly give us your educational
24 background.

25 A Yes. I graduated from Concordia University in

1 Montreal, Canada with a degree in finance. I then went on to
2 graduate school at McGill University and obtained a degree in
3 graduate studies with a concentration in accounting.

4 I was then hired by Coopers & Lybrand. And you
5 have to be an apprentice for a minimum of two years as part of
6 your qualifications, and you have to write national exams to
7 pass and become chartered into what they call becoming a
8 chartered accountant and chartered into the roles. I was at
9 Coopers & Lybrand for five years.

10 And in 1986, Bank of Boston Canada became a
11 customer of Coopers & Lybrand, and I was the manager on the
12 account. And Bank of Boston Canada made me an offer to join
13 their team as a credit analyst, and I soon became the assistant
14 to the president of Bank of Boston Canada Jim Shonaker.

15 I spent a lot of time in Boston and in the U.S.
16 working on leveraged buyout transactions for the bank which
17 required me to visit companies, prospective clients of the
18 bank, then write up a report for credit committee and present
19 to credit committee, and I did that for two and a half years.

20 I was then recruited to go work with Olympia &
21 York, a subsidiary of Olympia & York in London, and I worked on
22 Canary Wharf until April of 1990 when I was recruited to come
23 to California to work for a large real estate conglomerate
24 which had a development company, a realty company, had a
25 mortgage company.

1 And then in October of -- I left that employment
2 in '95 because I wanted to strike out on my own. On
3 October 1st of 1996, I started my first mortgage company called
4 First Allegiance Financial Corporation. I sold that company in
5 September or October of '97 for \$20 million to a NASDAQ company
6 called City Holding Company which was a NASDAQ company that
7 held regional banks.

8 If you invested \$50,000 with me at
9 First Allegiance in October of '96, your return was \$500,000 in
10 September of '97. It was a very good transaction for the
11 shareholders.

12 City Holding Company owned regional banks, and
13 one of the banks was federally chartered. I became the loan
14 production office or arm of the federally chartered bank which
15 allowed me to originate loans in 50 states because of the
16 federal banking charter that they had.

17 So First Allegiance went from 8 states to
18 50 states. I grew the business to 350 loan officers,
19 200 support personnel including processors, funders,
20 underwriters. And I stayed with the bank until December '99.
21 Jason joined the company in 1998, and that's when we first met.

22 I had an option to renew my contract. However,
23 my second son, Anton, had just been born, and my wife had
24 enough of my 80 hours a week and asked me to take a year, a
25 couple years off which I did.

1 And on January 1st, 2003, I started my second
2 company called Lenders Direct because my noncompete was over.
3 We actually incorporated in May of 2003, and I didn't start
4 operations until September 2003.

5 I quickly grew that business. In 2004 we did
6 500 million of production. In 2006, we did 1.2 billion of
7 production, and then in 2005 we did 1.2 billion. In 2006, we
8 did 2 billion of production.

9 I had Reggie Jackson of the New York Yankees as
10 my spokesperson. We were -- the original model was to do
11 something similar to The Money Store with Phil Rizzuto. So we
12 filmed commercials that we -- for consumers, that were directed
13 at consumers where Reggie -- we got permission from major
14 league baseball for Reggie -- three consecutive home runs in
15 that one game of the World Series was the lead for that
16 commercial. And then Reggie would come on and say something
17 about Lenders Direct. If you want to hit a home run with your
18 home mortgage, come to my friends at Lenders Direct.

19 Anyway, the commercial was not successful. I
20 quickly found out that the even though I was a fan of
21 Reggie Jackson, not many others were a fan of Reggie Jackson, I
22 guess because they beat their baseball teams.

23 So then quickly Reggie was very well known in
24 Wall Street, and I was quickly able to start relationships with
25 Credit Suisse, Merrill Lynch, Deutsche Bank, Citicorp. And by

1 2006 I had \$350 million in warehouse lines. These are credit
2 lines where I would originate, underwrite, process, and fund
3 the mortgages and then sell them into their securities.

4 In late 2006 we got an offer from Merrill Lynch
5 for the company for \$75 million, but we were four partners.
6 Two of the partners -- two of us wanted to take the
7 transaction. Two of the other partners wanted to do an IPO the
8 following year.

9 In 2007 the capital market started reeling, and
10 there was compression in the pricing on the mortgage-backed
11 securities. We were typically making 103 on \$100 million which
12 was \$3 million of revenues. And by 2007, those margins had
13 compressed to less than 101. And in February of 2007, they
14 actually went to 99 which means for every \$100 million we sold,
15 we lost a million dollars.

16 One of the partners was an attorney, and he said
17 to us, that's okay, we'll make it up in volume. I said that's
18 not a good idea. So we decided to wind down the operations.

19 I had a retail operation that was doing
20 \$250 million a month in production -- excuse me. \$250 million
21 a year in production. And that channel continued to operate
22 well because Bear Stearns, IndyMac, Countrywide were still
23 paying 102 and a half for that production.

24 So it allowed us to wind down the company in an
25 orderly fashion. Everybody got repaid except the principals.

1 We lost all our capital. And -- but it allowed us because we
2 exited in a proper manner and met all our obligations, I was
3 allowed to continue in the mortgage business. Many were not.
4 And those names are known.

5 Q What was your next company after that?

6 A After that we incorporated a company called
7 Tri-Emerald Financial Group, Inc. That was in 2008. And that
8 was with two partners and myself. One partner was the
9 president of Citi Mortgage, and he had left Citi Mortgage to
10 start this venture with me. And the other was Michael McGuigan
11 who was a partner of mine from Lenders Direct.

12 This business was all retail. No brokers. We
13 went direct to the consumer. The company's name was changed in
14 2014 to Lenders -- to Lend Plus, excuse me, because it was more
15 of a consumer facing name rather than Tri-Emerald Financial
16 Group. The name Tri-Emerald Financial Group was chosen by my
17 two other partners because they were both Irish.

18 Q Is Lend Plus the business you are operating now?

19 A Yes. Now, Lend Plus then went on to have many
20 different companies as part of its network and subsidiaries to
21 include a realty company, to include a portal which was tied to
22 multiple listings where people could visit the homes that they
23 wanted to buy, all with the focus of creating more business for
24 the mortgage company.

25 Q Is it a full-time job at Lend Plus?

1 A Yes. And also last -- in 2018 we -- I chair a
2 company that is in blockchain technology and artificial
3 intelligence called True Block. And its purpose of the
4 blockchain is so in the context of mortgages somebody could
5 actually apply for a mortgage and it would be the last credit
6 application they would ever have to complete because through
7 the blockchain, the data is protected, and it's immutable, and
8 you can build on it.

9 So the purpose there was -- or the purpose is, I
10 should say, because there's plans to bring that company public
11 here shortly, is once you capture that customer on the premise
12 that this is the last mortgage application they will ever have
13 to complete, you've got that customer for life.

14 Q Mr. Poujade, you mentioned that you first met
15 Jason Cardiff in 1998.

16 A That's correct.

17 Q You said he was working for your company. What
18 was his position then?

19 A When he originally joined, he didn't have the
20 proper licensing. So he joined as an apprentice, for lack of a
21 better word, a trainee. And he had to go through a one-month
22 training program and then write his real estate exam to be
23 licensed under the Bureau of Real Estate of California which is
24 the licensing we had at the time.

25 All mortgage originators have to be licensed in

1 that manner, or they can be licensed under the Department of
2 Corporations.

3 We held -- it depends on what license the company
4 holds. We held a Bureau of Real Estate license. Therefore,
5 he had to qualify and pass the license with the Bureau of
6 Real Estate.

7 Q Okay. How long -- what company was that that he
8 worked with?

9 A That was First Allegiance Financial Corp., my
10 first mortgage company.

11 Q And you sold that in -- did you say 1999?

12 A I sold it in 1997. But I left in December of
13 1999 when my contract came up and I did not exercise the
14 extension.

15 Q Okay. So he was -- came on as a -- what was his
16 title?

17 A Well, originally he was a trainee, but then he --
18 once he passed real estate exam, he was a mortgage
19 loan officer.

20 Q How long did Mr. Cardiff -- when you left, was
21 Mr. Cardiff still working there?

22 A I believe so.

23 Q I think you said you had 350 loan officers?

24 A Yes, that's correct.

25 Q How often did you see him?

1 A He quickly became the No. 1 loan officer in terms
2 of production. So I saw him more often than I would see
3 others.

4 Q Okay. When you left within a year -- I think you
5 said 1999 you left?

6 A I left December 1999.

7 Q Okay. When did you see Jason again, Jason
8 Cardiff?

9 A I ran into Jason 2005. We happened -- I was
10 getting a haircut at a hair salon, and his wife used the same
11 stylist. And I walked in, and the whole family was there.

12 Q Did you stay in touch with him after 2005?

13 A On and off, yes.

14 Q Any events in 2005 when you saw him at the hair
15 salon?

16 A We went to dinner.

17 Q After 2005, did you see Mr. Cardiff again?

18 A Yes.

19 Q When?

20 A Socially. And in 2009 I was approached by a very
21 good friend. He was part of the St. Vincent de Paul Society.
22 His name is Tom Fuentes. He's no longer with us. He died of
23 liver cancer.

24 St. Vincent de Paul had a project called
25 Lights On. And Lights On is at Orange County jail they release

1 prisoners or inmates between 10:00 at night and 3:00 in the
2 morning depending on what their release timing was. If they
3 had gone to court that day and they were discharged, then they
4 were released by midnight. And if their time served came up,
5 they were released between 12:00 and 3:00 in the morning
6 because I was told the county receives \$150 a day per
7 individual. So if they released them at 12:01, they got the
8 \$150, and they didn't have to take care of the person for the
9 day.

10 I approached Jason in 2014. There were -- two
11 things happened. I started this project in 2009. They had a
12 dilapidated RV that we parked outside the jail with big
13 floodlights where people being released could sit and wait in
14 safety.

15 A couple years earlier, the exit for the women
16 and the men is the same place out of Orange County jail. It's
17 in Santa Ana, and it's in a tough part of town. There was a
18 woman that was raped and murdered in the early morning hours.
19 So St. Vincent de Paul got involved by having the Lights On
20 project with an RV where people could come out of jail, sit
21 with these big floodlights that we had in safety. We would
22 recharge their cell phones. So we had a generator. We had
23 coffee, cigarettes, et cetera. But we provided a safe place
24 for people to wait for their rides.

25 And in 2014 Lights On and St. Vincent de Paul

1 came into financial difficulty. Maybe 2013. Two things
2 happened. At this point Tom Fuentes was on his death bed.

3 THE COURT: Let's -- Counsel, ask your next
4 question.

5 MR. COLAIZZI: Yes.

6 Q You said you had a connection with Mr. Cardiff in
7 2014 related to this?

8 A Yes.

9 Q Tell me about that connection.

10 A I asked Jason if he would help support Lights On.

11 Q Okay. Did he?

12 A Yes.

13 Q What was his support?

14 A He contributed 2,500 a month to do that.

15 Q How long did you work for Lights On?

16 A I stopped my involvement in 2015. My involvement
17 was not just financial and supportive. For instance, I wrote a
18 grant to get a new RV. What I also -- I also had Tuesday night
19 until 3:00 a.m. in the morning as one of my contributions every
20 single week. And, you know --

21 Q Did you come across Mr. Cardiff subsequent to
22 asking him to -- after you asked him to contribute some money,
23 was there a time you --

24 MR. PRUNTY: I'm going to object to this line of
25 questioning not being germane.

1 THE COURT: I'll allow some leeway here, but let's
2 move forward and focus on the more important issues.

3 MR. PRUNTY: Thank you.

4 BY MR. COLAIZZI:

5 Q Mr. Prunty had asked you a couple of questions
6 about a stint that you had helping a Redwood Scientific or
7 attempting to help them to go public.

8 A Yes.

9 Q When did that happen?

10 A 2014.

11 Q 2014?

12 A 2014.

13 Q How did you come to work for or do some work for
14 Redwood Scientific?

15 A Through the conversations I was having with
16 Jason.

17 Q Can you describe what you did for Redwood
18 Scientific and how you ended up doing that work?

19 A Yes. Jason wanted to bring Redwood public, and
20 he had a controller, and he had a general manager, and he had
21 staff. But he needed my expertise. And he had already been
22 contacted by an investment banker -- his name is Patrick
23 Imeson -- and then a capital markets firm called Aspenwood from
24 Denver, Colorado. And they felt that I could definitely help
25 Redwood and Jason organize and produce the internal controls

1 and the systems that were needed to effectuate that result.

2 Q You testified when Mr. Prunty was asking you
3 questions that you were a consultant and was it a paid
4 consultant?

5 A Yes.

6 Q What were you paid?

7 A 5,000 a month.

8 Q How long did you -- strike that.

9 Did you oversee the auditors and the controller
10 and the accountants as part of your duty?

11 A I coordinated all those activities.

12 Q After the five or six months, why did -- what
13 caused you to stop?

14 A We had a disagreement. Jason stopped paying --

15 THE COURT: Would you refer to Mr. Cardiff by his
16 last name? The rules require that. If you would, please.
17 Thank you.

18 THE WITNESS: Yeah. Mr. Cardiff and I came to a
19 disagreement. There were a lot of things going on in my life
20 with my companies. And my mother who had been diagnosed with
21 Parkinson's was getting worse and worse. And it required me
22 going to Canada a lot, and I just -- I no longer had the time
23 to do -- or to work with Mr. Cardiff.

24 BY MR. COLAIZZI:

25 Q What was the state of the efforts to have the

1 Redwood Scientific go public at that time?

2 A There was -- so I should have also mentioned
3 there was a controller or CFO by the name of Melvina. I don't
4 remember her last name. Things were getting squared away quite
5 nicely. And, in fact, I participated in drafting and helping
6 draft the S-1 which had -- which got filed. And it's at that
7 point that then I couldn't continue.

8 Q Did you have -- other than a consultant, did you
9 have any titles at Redwood Scientific?

10 A I was given the title of CFO.

11 Q Did you operate as a CFO for Redwood Scientific?

12 A I operated as a -- as a consultant. There were
13 two subsequent CFOs that were brought in.

14 Q Subsequent to when you left after five or six
15 months?

16 A Yes.

17 Q All right. And this was all in 2014?

18 A I left in '15. Or I stopped -- I never had an
19 office there. But I stopped that engagement in 2015.

20 Q Did you ever find out whether Redwood Scientific
21 went public?

22 A I understood from the bankers, Patrick Imeson in
23 particular, that there was a reverse merger done. And whenever
24 that happened I -- I don't even know what date that happened.

25 Q Did you come to find out -- I think Mr. Prunty

1 asked you some questions about whether you were a CFO in 2018.

2 Were you a CFO in 2018 for Redwood Scientific?

3 A No.

4 Q Did you come to find out you were listed on a
5 document that indicated you were a CFO?

6 A I'm on a document. I'm on the S-I, and
7 Mr. Kinney provided me with that.

8 Q When did you find out?

9 A I don't recall, but it was 2019.

10 Q Okay. After that work you did in 2014 through
11 the beginning of 2015, did you cross paths with Mr. Cardiff
12 again?

13 A Yes.

14 Q When was that?

15 A It was in a social context.

16 Q Were you ever in business with Mr. Cardiff?

17 A No.

18 Q Did you -- so one of the issues here in this
19 Court is Mr. Cardiff's role at Clover Cannastrip Thin Strip
20 Technologies. Was he -- he was an initial shareholder; right?

21 A Yes.

22 Q As were you?

23 A Yes.

24 Q Okay. And he was a director?

25 A Yes.

1 Q And his wife, Mrs. Cardiff, was a director?

2 A Yes.

3 Q And you were a director?

4 A Yes.

5 Q All right. That was incorporated July 31, 2018;
6 right?

7 A Correct.

8 Q There came a time when Mr. Cardiff tendered his
9 shares for cancellation back to the company?

10 A Yes.

11 Q When was that?

12 A That was August 29th, 2018.

13 Q And after he tendered those shares, how many
14 shareholders were there for the company?

15 A Well, today there are 165 shareholders, and
16 there's 52 million shares outstanding. So you'd have to give
17 me a time frame as to --

18 Q I'm saying at the time that he -- his shares were
19 canceled, how many shareholders were there?

20 A Just me.

21 Q Why was he asked to relinquish his shares?

22 A So again, the plan for True Pharmastrip, Inc.
23 which it's called today, which is a lot easier than
24 Clover Cannastrip Thin Film Technologies Corp., was to go
25 public. And Haywood was the investment bank that was not only

1 going to provide the original seed capital, not only provide
2 the initial capital of \$4 million, but was also going to bring
3 us public.

4 And once they did the due diligence on the team,
5 they came to the conclusion that the -- that Mr. Cardiff could
6 not be a shareholder. And the reason the contract went from an
7 employment contract to a management contract is they -- I
8 couldn't -- he could not be an employee either. So I went from
9 you can't be a shareholder. You can't be a director, and you
10 can't be an employee.

11 Q Was that -- were those mandates happen all at the
12 same time?

13 A No. Through this timeline that we've been
14 discussing.

15 Q Okay.

16 THE COURT: Just for my clarification, he tendered
17 his shares on August 29th, 2018?

18 THE WITNESS: Correct, sir.

19 THE COURT: When did he withdraw as a director.

20 THE WITNESS: October 8th is when it was formalized
21 by Erwin Sui. But he tendered his resignation in September,
22 but Erwin Sui was so behind in our corporate documents that
23 October 8th is the date of that resolution.

24 THE COURT: And what documents, if any, exists that
25 reflect that he tendered shares on the 29th and withdrew as a

1 director October 8th?

2 THE WITNESS: There's a resolution of October 8th.
3 That's in the exhibits. And I believe that the share
4 cancellation of 100 shares was also provided in the exhibits.
5 My attorneys would have to tell me.

6 THE COURT: Is there any other documentation that
7 supports the two acts to your knowledge?

8 THE WITNESS: No.

9 THE COURT: Thank you.

10 THE WITNESS: Excuse me, Your Honor. There are the
11 appropriate filings with the various corporate agencies.

12 THE COURT: What filings are you referring to?

13 THE WITNESS: Those that would have been done by
14 Erwin Sui, our general counsel.

15 THE COURT: I'm not sure what you are referring to.

16 THE WITNESS: Oh, there's a registry of directors in
17 British Columbia. Sort of like the Department of Corporations
18 here.

19 BY MR. COLAIZZI:

20 Q Was there something filed with that registry?

21 A Yes.

22 Q Reflecting the stepping down by Mr. Cardiff as a
23 director?

24 A Correct.

25 Q And the stepping down of Mrs. Cardiff as a

1 director?

2 A Yes.

3 Q Was her stepping down also effective on
4 October 8th?

5 A Correct.

6 Q When was that document filed with the British
7 Columbia Corporate Registry?

8 A To the best of my knowledge, that was
9 November 5th and I'm told, yes.

10 MR. COLAIZZI: Your Honor, we'll refer the Court to
11 Mr. Sui's declaration with respect to the filing of that
12 document. And I think it's attached as well.

13 Q So on October 8th, he resigned as a
14 director. And then what's been raised a number of times
15 is that Mr. Cardiff and then subsequently Mrs. Cardiff were
16 signatories to the TD Bank account for True Pharmastrip, Inc.

17 I'm going to -- if it's okay with the Court, I
18 can refer to the company as True Pharmastrip, Inc., but at the
19 time we are talking about, it was called the Clover Cannastrip
20 Thin Film Technologies, Inc. just for ease of reference if it's
21 all right with the Court?

22 THE COURT: Certainly. So long as it's clear.

23 BY MR. COLAIZZI:

24 Q So Mr. Poujade, how did -- strike that.

25 Were you expecting to be a signatory on the bank

1 account?

2 A Yes.

3 Q You testified about that yesterday?

4 A Yes.

5 Q All right. I won't go through it again.

6 We've seen a couple of times the FTC's
7 demonstrative exhibit with transactions that happened in
8 October of 2018. Mr. Fletcher just had it up there a minute
9 ago. How were those transactions effectuated mechanically?
10 How were those done vis-a-vis the bank?

11 A So there were some done in September when he
12 was -- I'm speculating, but they were in branch --

13 THE COURT: Please don't guess or speculate.

14 THE WITNESS: Okay.

15 BY MR. COLAIZZI:

16 Q So when was the first time you were able to see
17 bank statements reflecting transactions?

18 A We got access or I got access in October.

19 Q Of?

20 A 2018.

21 MR. COLAIZZI: Your Honor, may I ask the FTC if
22 they can put that exhibit up?

23 THE COURT: Yes, please.

24 MR. COLAIZZI: Thank you.

25 THE COURT: Let me ask while that is being done and

1 only if you have personal knowledge, but what was the
2 relationship, if any, between Mr. Cardiff and Sui & Company?

3 THE WITNESS: There was no relationship.

4 MR. COLAIZZI: I apologize, Your Honor. I did not
5 hear the question as I was --

6 THE COURT: The relationship between Mr. Cardiff and
7 Sui & Company, and the response was there was no relationship.

8 MR. COLAIZZI: Okay.

9 Q So these are the transactions, and I'm not going
10 to ask you to go through them all. But --

11 A I'd like to point something out.

12 Q Okay.

13 A Those are not the transactions as they appear in
14 the TD Bank records. This is the backup to the bank records.
15 If you look at the bank statements, you do not have any of
16 these descriptions as to the recipient.

17 Q Okay. So -- and when did you first see the
18 backup that reflected the information of the recipient?

19 A In the receiver's declaration and exhibits most
20 recently.

21 Q In late July of this year?

22 A Whenever it was, yeah.

23 Q So you knew that there were a number of
24 transactions taking place in October of 2018 --

25 A Yes.

1 Q -- and Mr. Cardiff and Mrs. Cardiff had stepped
2 down as directors effective October 8th, 2018. Did there come
3 a time when the methodology by which access to that account was
4 provided to you?

5 A Yes.

6 Q What was the methodology that allows you to -- or
7 the company to make wire transfers?

8 A So we have to get a little bit more specific.
9 There's the first level to view the online banking is through
10 user name and password. And what it gives you is exactly what
11 you see on the TD Bank statement. It doesn't give you this
12 detail.

13 So on the bank statement, it shows as, for
14 instance, there would be a lump of wires. Whatever happened on
15 the 4th, there would be no description, and it would just say
16 "outgoing wire."

17 So to effectuate wire transfers, you need a key
18 fob in addition to the login information. And the key fob is a
19 device, and when you press it, you press a button on it, it
20 gives you a six-digit code that is randomized to that specific
21 device. And that specific device is tied to your login
22 information.

23 So that's why if you put in a number that's bogus
24 and not coming from the key fob and the systems know that
25 that's not a legitimate key fob code that you are inputting,

1 and it won't let you do the transaction. So to do wires you
2 need both the login information and the key fob.

3 Q When did you receive the wire information and the
4 key fob?

5 A I received the -- well --

6 Q The codes and the key fob?

7 A On end of business October 9th. So when we saw
8 that all these transactions were happening, Jason was -- had
9 resigned as a director. We had not completed the closing of
10 the transaction, and money was being spent. The decision was
11 made to return the money to Erwin Sui's trust account.

12 Now, he kept telling me it's closing, it's
13 closing, it's closing.

14 Q Who is the he?

15 A Sorry. Erwin Sui. Because we had to effectuate
16 the Haywood founder share closing to a penny prior to taking in
17 from a corporate government's perspective any other money.
18 So --

19 Q Is that because the other money was an offering
20 of shares at a higher amount?

21 A Yes.

22 Q Go ahead.

23 A And they were not founders whereas Haywood was a
24 founder.

25 Q What do you mean by founder?

1 A They provided the original I called it seed
2 capital as does the attorneys called it. So the original
3 capitalization for the company.

4 Q And they provided that --

5 A Yes.

6 Q -- directly?

7 A Correct.

8 Q Okay. So you indicated that on -- that you
9 returned the -- you returned the money to Sui & Company?

10 A Yes.

11 Q But it had never been to Sui & Company before?

12 A No.

13 Q Okay. Why Sui & Company and not Irwin Lowy?

14 A Irwin Lowy -- at Haywood there are multiple
15 fiefdoms. There's the corporate finance fiefdom that's run by
16 a group, and Irwin Lowy was their attorney of choice. And then
17 there's the retail side of the business which manages
18 customers, and it's billions and billions of dollars.

19 The retail side of the business had done several
20 transactions with Erwin Sui. In fact, I have done business
21 with them for the last 20 years and have brought many companies
22 public. Their preference was to use Erwin Sui. So we started
23 with Irwin Lowy as the law firm, and then we were instructed to
24 engage Erwin Sui.

25 Erwin Sui is in British Columbia. Irwin Lowy is

1 in downtown Toronto. Erwin Sui did not want to disrupt all the
2 work that Irwin Lowy had done. So he made them or they made
3 them a subagent to the transaction.

4 Q All right. So on October 16th, 2018, 1.2 million
5 Canadian was transferred to Sui & Company pending the
6 transaction closing?

7 A With the founder's shares which closed later that
8 day.

9 Q After the wire went?

10 A After the wire went.

11 Q Okay. What was the effect of the founder's
12 shares being issued in closing?

13 A It was the action that needed to take precedent
14 to everything that happened next.

15 Q Okay. So what happened next?

16 A What happened next was we were able to formalize
17 the closing for the 20-cent round. And the first investment
18 was \$2 million which was 500,000 from XIB, a big venture
19 capital firm, and FSD Pharma. And then the next 2 million also
20 came from Haywood, but it was their retail customers that were
21 participating.

22 Q So Mr. Fletcher earlier this morning asked you
23 about the October 18th transaction of \$360,000 Canadian to
24 Richard Poujade.

25 A Correct.

1 Q And you had indicated that the transaction was
2 proper. Maybe you didn't use that word. I don't mean to put
3 words in your mouth. What did you say?

4 A All the conditions precedent for us closing now
5 the first 20 cent round of 2 million existed and were being
6 documented and formalized.

7 Q When you said round of 2 million, you are
8 referring to the number of shares?

9 A No. Dollars.

10 Q \$2 million?

11 A And these are Canadian dollars. And I'm
12 referring to specifically XIB half million and FSD Pharma
13 1.5 million.

14 Q So the -- what conditions precedent were there
15 that permitted you to wire the money to Richard Poujade rather
16 than to Sui & Company?

17 A So we needed a bank account for Pharmastrip Corp.
18 And to be expeditious, I sent it to Richard so he could open
19 the Pharmastrip Corp. bank account.

20 Q Okay. What permitted you to -- when did the
21 transaction for the 500,000 for -- Canadian for XIB finalize?

22 A Well, it was documented with board resolutions
23 and with my signing of the subscription agreement on
24 November 5th.

25 Q So November 5th is obviously after October 18th?

1 A It is.

2 Q Was your signature needed before the money was
3 considered to be the companies that True Pharmastrip, Inc.
4 or --

5 A I was instructed by Erwin Sui that I could do
6 that.

7 Q You could send the money to Mr. Richard Poujade
8 so that he could open a bank account, deposit monies in that
9 bank account for Pharmastrip Corp.?

10 A That's correct.

11 Q And Pharmastrip Corp. was incorporated in
12 September?

13 A Correct.

14 Q What was Mr. Richard Poujade's title in that
15 company?

16 A He was president.

17 Q Did he own any other titles?

18 A He was director.

19 Q Were there any other directors of Pharmastrip?

20 A No.

21 Q Have there ever been any other directors of
22 Pharmastrip?

23 A No.

24 Q Are there any other officers of Pharmastrip
25 Corp.?

1 A No.

2 Q Have there ever been any other officers of
3 Pharmastrip Corp.?

4 A No.

5 Q How many directors are there of True Pharmastrip,
6 Inc. currently?

7 A Five.

8 Q You are one of the directors?

9 A Yes.

10 Q How many percentagewise? What is your holding
11 for shares of True Pharmastrip, Inc.?

12 A 8.8 percent.

13 Q Just under 9 percent?

14 A Correct.

15 Q You are the CEO of True Pharmastrip, Inc.?

16 A That's correct.

17 Q Are you able to transfer money -- is there a
18 limit of the amount of money you can transfer as it relates to
19 your title of CEO?

20 A It would be within conventional amounts.
21 Anything of consequence I would get board approval.

22 Q So earlier with respect to this hearing and also
23 with respect to a position FTC has taken, there are two
24 references to a Clover company. One is Clover Cannastrip Thin
25 Film Technologies, Inc. which is now called True Pharmastrip,

1 Inc.; is that correct?

2 A One small correction. It's called Clover
3 Cannastrip Thin Film Technologies Corp., not Inc.

4 Q Thank you.

5 There's also been reference to Clover Cannabis.
6 What is Clover Cannabis?

7 A Yes, this was the original project that was
8 worked on with Jason and I.

9 Q When you say --

10 A Yes, but that company to my knowledge never came
11 into existence.

12 Q When you say the original company you were going
13 to work with Mr. Cardiff on, what do you mean by that?

14 A Well, that was the planned name in our original
15 discussions with Haywood. But that company did not come into
16 existence. In fact, the Haywood deck has the wrong company
17 name.

18 Q So are you referring to some questions that
19 Mr. Prunty asked you relating to Clover Cannabis?

20 A Yes.

21 Q Could you --

22 A And it has the incorrect share structure and
23 capital structure.

24 Q When you say the incorrect share structure and
25 capital structure, what do you mean?

1 A In part of the presentation of the deck is a
2 pro forma share capital structure. And that's not the share
3 capital structure of TPI today.

4 Q Was that share capital structure you are
5 referring to in the deck, was that ever utilized by True
6 Pharmastrip, Inc. or Clover Cannastrip Thin Film Technologies
7 Corp.?

8 A No.

9 Q And that is to the extent investors invested
10 money, they were investing in a different share structure; is
11 that right?

12 A In -- so if they invested in a company called
13 Clover Cannabis, I have no knowledge of that.

14 Q Do you know if Clover Cannabis exists today as a
15 company?

16 A Only in the reference that I think somebody made
17 to it.

18 Q Were you ever part of any company called Clover
19 Cannabis?

20 A No.

21 Q Let me talk about True Pharmastrip, Inc. as it's
22 now called. Did True Pharmastrip, Inc. receive any money from
23 the Cardiffs ever?

24 A No.

25 Q Did True Pharmastrip, Inc. ever get money from

1 any entities or persons associated with the Cardiffs as
2 referenced in the lawsuit by the FTC?

3 A No.

4 Q As of the -- do you understand that on
5 October 12th, 2018 -- let me strike that.

6 Do you understand that on October 10th, 2018, the
7 Court signed a temporary restraining order and asset freeze
8 against the Cardiffs and a number of their companies?

9 A Do I understand today?

10 Q Yes, that's the question.

11 A Yes.

12 Q And do you understand today when that order was
13 served on the Cardiffs?

14 A Yes.

15 Q Was that October 12th, 2018?

16 A That's my understanding.

17 Q Did you ever receive an actual copy of the
18 temporary restraining order or the subsequent preliminary
19 injunction order ordered by this Court?

20 A Not until recently.

21 Q When you say recently, can you give me a time
22 frame?

23 A When the OSC was issued by the Court.

24 Q As a result of this hearing and the papers that
25 were filed initiating this hearing, that's when you first saw

1 either the temporary restraining order or the preliminary
2 injunction issued by the Court in the underlying case against
3 the Cardiffs?

4 A That's correct.

5 Q There was a time when you heard from Mr. Cardiff
6 that he couldn't have a bank account I think you said earlier?

7 A Yes.

8 Q Did you ever learn that Mr. Cardiff's bank
9 accounts were frozen --

10 A Yes.

11 Q -- or words to that effect?

12 A Yes.

13 Q When was that?

14 A That was in late October/early November when he
15 came to me for the loan.

16 Q When you say "the loan," you are talking about
17 what loan now?

18 A He came to me for a loan.

19 Q So when you transferred money on October 16th,
20 2018, and October 18th, 2018, you had not known about the
21 temporary restraining order or preliminary injunction?

22 A No.

23 Q There were some questions about a phone call you
24 had with Mr. Cardiff on the 12th.

25 A Yes.

1 Q Had you -- and it was referenced as a ten-minute
2 phone call. Do you remember that?

3 A Yes.

4 Q Did you have other calls -- other than that
5 ten-minute call, did you have other calls with Mr. Cardiff on
6 the 12th?

7 A I did.

8 THE COURT: This is the 12th of October?

9 MR. COLAIZZI: October 12, 2018, Your Honor.

10 THE COURT: Thank you.

11 THE WITNESS: I had a 45-minute call with him early
12 that morning at 7:30.

13 BY MR. COLAIZZI:

14 Q There's been discussion about when -- at this
15 hearing about when Mr. Cardiff was actually -- that the time of
16 day he was served with the order, I think the testimony was it
17 was at 10:30 in the morning? Do you recall that hearing that?

18 A Not --

19 Q Other than just now, do you remember hearing that
20 yesterday?

21 A Yes.

22 Q So the call you had for 45 minutes at 7:30 in the
23 morning was obviously before Mr. Cardiff was served with the
24 order; correct?

25 A I had a running joke with Mr. Cardiff. He didn't

1 work on Fridays. So I called him at 7:30 to discuss business.

2 Q What business did you discuss with him at 7:30 in
3 the morning?

4 A He obviously still wanted to be involved with the
5 company. And, you know, we were working on -- it was still
6 very much a startup. And we were working on all those things
7 related to a startup.

8 Q How many calls did you have with Mr. Cardiff
9 prior to 10:30 on October 12th, 2018?

10 A In -- prior to October --

11 Q Prior to 10:30 on October 12, 2018.

12 A That day or that month?

13 Q That day.

14 A It was either one call or two calls.

15 Q Okay. And you had testified about --

16 THE COURT: Just for clarification, the first call
17 was at 7:30 a.m. approximately?

18 THE WITNESS: Yes.

19 THE COURT: And the second call was what time?

20 THE WITNESS: At 12:00 or 12:10?

21 BY MR. COLAIZZI:

22 Q Are you saying the second call was at -- the call
23 that was referenced as a ten-minute call?

24 A Yes. And I expected him to be on the golf course
25 because that's when he golfed. And it was a ten-minute call.

1 And he said, "I can't talk right now." I said, "You are
2 actually working?" and laughed. And he said, "I really can't
3 talk right now." He was distraught. He was upset. And he
4 said, "This is not a good time to talk. I need to call you
5 back."

6 THE COURT: How do you know it was a ten-minute
7 call?

8 THE WITNESS: Because it's in the --

9 THE COURT: Records?

10 THE WITNESS: -- records provided by the FTC.

11 THE COURT: In your initial declaration with the
12 Court, you -- I think you indicated that Mr. Cardiff told you
13 in October of 2018 that all his assets were seized and that the
14 injunction completely prohibited him from having a bank
15 account. So what date in October were you told that?

16 THE WITNESS: It was the end of October. When he --
17 it was the end of October when he first started speculating or
18 floating the idea that I would have to -- he would need a loan.

19 THE COURT: You initially said it was the end of
20 October or the beginning of November. Was it October or
21 November?

22 THE WITNESS: The first discussion was the end of
23 October, and then beginning of November is when I structured --
24 I said I'm going to make you a loan. These are the documents.

25 THE COURT: So just to clarify, sometime at the end

1 of October, you don't recall the particular date; is that
2 correct?

3 THE WITNESS: Right.

4 THE COURT: Mr. Cardiff told you that all his assets
5 were seized and that the injunction completely prohibited him
6 from having a bank account. Is that what he said?

7 THE WITNESS: Not that they were seized, that they
8 were frozen.

9 THE COURT: Did you use the word "seized" in your
10 declaration?

11 THE WITNESS: I don't recall. I believe I used
12 "frozen."

13 THE COURT: Pardon?

14 THE WITNESS: I believe I used "frozen."

15 THE COURT: Declaration paragraph 28 and 29,
16 ECF No. 126. I don't have that in front of me, but --

17 MR. FLETCHER: Your Honor, I have an electronic copy
18 if the Court needs to see that.

19 THE COURT: Yes, if we can put that up. I just want
20 to make sure that's the correct word.

21 And just going back from October 12th until this
22 phone call took place at the end of October where he mentioned
23 that his assets were frozen or seized, you had not spoken to
24 him in between?

25 THE WITNESS: I spoke to him on October 14th. It

1 was a Sunday.

2 THE COURT: How long was that conversation?

3 THE WITNESS: The record shows it was seven minutes.
4 I was coming back from church Sunday night, and I called him on
5 the way home.

6 THE COURT: What was the nature of that phone call?

7 THE WITNESS: Just checking in. And, again, he, you
8 know -- you'll see from the length of my phone calls with Jason
9 they are lengthy, and again, he just blew me off.

10 THE COURT: So on October -- back on October 12th in
11 reference to the second phone call at approximately 12:10 which
12 lasted about 45 -- I'm sorry. Let's go to the first phone
13 call. The first phone call is where you detected he was
14 distraught.

15 THE WITNESS: The first phone call in the morning at
16 7:30, no, it was business as usual.

17 THE COURT: The second phone call.

18 THE WITNESS: Yes.

19 THE COURT: And then on October 14th, did you ask
20 him why he was distraught on October 12th?

21 THE WITNESS: Yes.

22 THE COURT: What was his response?

23 THE WITNESS: He said he couldn't talk and he was in
24 a bad situation. And it reminded me of the phone call I
25 received from him when he was having marital affairs or --

1 excuse me -- marital problems. And I did not want -- he didn't
2 want to into it, and I didn't push it.

3 THE COURT: Thank you.

4 MR. COLAIZZI: Your Honor, in response to one of
5 the documents the FTC had put forth in the record, it showed
6 Mr. Cardiff's phone bill during that period of time. A lot of
7 the numbers were blacked out, and it turns out some of those
8 numbers that were blacked out are actual phone calls where
9 there is a call using Mr. Poujade's phone and to a number with
10 Mr. Cardiff's phone or that's been identified as Mr. Cardiff's
11 phone.

12 And so we wanted to offer to the Court the
13 October -- a bill -- I say the October bill. A bill for the
14 period of October 2018 through November 1, 2018. And I've
15 handed it to counsel here as well.

16 THE COURT: We need it marked in a particular
17 order --

18 MR. COLAIZZI: Thank you, Your Honor.

19 THE COURT: -- if it's not been previously
20 referenced. And may I have a copy also?

21 MR. THURMAN: Your Honor, could we take a brief
22 break? The defendant needs to use the restroom.

23 THE COURT: Yes. We probably should be taking a
24 recess. So let's resume again at 10:30. And we'll resume at
25 10:30.

1 (At 10:10 a.m. a brief recess was taken.)

2 THE COURT: We are back on the record in FTC versus
3 Cardiff. All counsel are present. All parties are present.

4 We did that check, the docket in reference to the
5 words used by Mr. Poujade in his declaration, and the word
6 "seized" was used. That being said, let's go on to more
7 important issues.

8 MR. COLAIZZI: Yes, Your Honor. I was about to
9 clarify that myself on the screen. So thank you.

10 Q Mr. Poujade, can you tell me -- there's been
11 reference to Redwood Scientific and obviously a True
12 Pharmastrip, Inc. And when we were first getting started,
13 there was a reference made that the Clover Cannastrip Thin Film
14 Technologies Corp. was organized to market thin film CBD
15 strips. Is that correct?

16 A That it was organized --

17 Q To market thin film CBD strips.

18 A It was one of the contemplated products.

19 Q And when you say "market" -- could you describe
20 exactly -- let me ask it a different way. Can you tell me the
21 differences between True Pharmastrip, Inc., whatever it was
22 called throughout this period of time, and Redwood Scientific
23 in terms of what each company does if there are any
24 differences.

25 A There are big differences.

1 Q Okay. Please explain.

2 A So Redwood was an importer of product -- of a
3 variety of product. It wasn't only thin films. They had other
4 product that they brought in from overseas and sold. So they
5 were a distributor retailer in the food chain of organizations
6 and what they do in specific industries.

7 TPI was organized and created and constituted to
8 be a manufacturer of thin film strips for a specific reason,
9 the manufacture of THC infused thin film strips. The licensing
10 around doing that is specific, and it's specific the way it's
11 handled in Canada and the way it's handled in the U.S.

12 In the U.S. the states bear the legislative right
13 to allow it. The licensing process is very specific. There
14 are different types of licenses that are issued in California,
15 for example. There are licenses to grow the product, the
16 cannabis. There are licenses to do manufacturing. There's two
17 types of manufacturing. There's also a subset to that that has
18 to do with combustibles which is the process of taking the
19 plant and making it into an oil which is a very volatile
20 process.

21 Then there's a distribution license where only
22 the distributors can sell product to the retail stores called
23 dispensaries, and that's also a different license. So each
24 phase has a different license attached to it. And the license
25 is specific to a city and a location.

1 So TPI is the holding company for a company
2 called Pharmastrip Corp. Pharmastrip Corp. enters into joint
3 ventures with specific state operators that have these
4 licenses. And they enter into joint venture agreements. It's
5 the only manner in which we can operate is to operate under
6 their licenses that are specific to a state, that are specific
7 to a city, that are specific to a building.

8 So to now answer your question, TPI through its
9 subsidiary Pharmastrip Corp. and its joint ventures,
10 manufactures THC infused sublingual strips. That is a far
11 different business from whatever Redwood did. Redwood was just
12 an importer.

13 So if you want to use sort of a common metaphor
14 or analogy, Ford Motor Company makes the cars, but they don't
15 own the dealerships. There might be a dealership that sells
16 Ford Motor Company cars, but they have nothing to do with that
17 dealership other than a licensing agreement or some sort of
18 agreement that allows them to sell those cars.

19 So TPI is in the manufacturing business.

20 Q Okay. Thank you.

21 While we are talking about the differences, for
22 Redwood Scientific you had mentioned in responding to questions
23 by Mr. Prunty that you also were briefly on the board of
24 Redwood Scientific. Do you recall that?

25 A During what period?

1 Q In 2018.

2 A Yes.

3 Q And could you explain why you were on that board
4 and for how long?

5 A Yes. Just the period June through the end of
6 August.

7 Q Okay. And that was to facilitate a potential
8 transaction; right?

9 A Yes.

10 Q Was it possible to do a potential transaction
11 with Redwood Scientific in the manufacturing of THC contained
12 products?

13 A No.

14 Q Why?

15 A Because the attorneys quickly came to the
16 conclusion that Redwood, as a publicly traded company, could
17 not be connected to THC or cannabis because it's not legal
18 federally. And that's why I left the board.

19 Q Of Redwood Scientific?

20 A Yes.

21 Q We were talking about -- you said TPI. Were you
22 referring to True Pharmastrip, Inc.; is that correct?

23 A Yes.

24 Q Did -- on the TD Bank account for True
25 Pharmastrip, Inc., did either of the Cardiffs have any

1 interest, financial or otherwise, in that bank account?

2 A No.

3 Q Did either of the Cardiffs make a claim or have a
4 right with respect to that bank account?

5 A No.

6 Q Did either of the Cardiffs have a claim to any
7 property as it related to that bank account?

8 A No.

9 Q With respect to Pharmastrip Corp. -- let me go
10 back to that series of questions I asked. I would ask the same
11 series of questions as it relates to an interest in, a right
12 to, a claim to or any property in the bank account. Did any of
13 the other defendants or related entities have an interest in, a
14 right to, a claim to any property in that TD Bank account?

15 A No.

16 Q Were any of the Cardiffs or entities with which
17 they were associated officers or shareholders of Pharmastrip
18 Corp.?

19 A No.

20 Q Did either of the Cardiffs or entities with which
21 they are associated hold any shares in Pharmastrip Corp.?

22 A No.

23 Q Are either of the Cardiffs or entities with which
24 they are associated officers or directors of Alphatech?

25 A No.

1 Q Are any of the Cardiffs or entities with which
2 they are associated shareholders of Alphatech?

3 A No.

4 Q I want to clear up one other thing. You had
5 mentioned earlier that the first time you had seen a TRO or PI
6 was in connection with this hearing in which you are
7 participating. Do you remember that?

8 A Yes.

9 Q I want to draw a distinction between the
10 temporary retraining order and the preliminary injunction. Did
11 you see either of those documents prior to this order to show
12 cause hearing?

13 A The preliminary injunction was given to
14 Michael Kinney, my attorney, at Peter Picciano's deposition
15 which was in April. That's when I first saw it.

16 Q April of 2019?

17 A Correct.

18 Q All right. You also testified about where else
19 there would be documents reflecting both the cancellation of
20 shares that Mr. Cardiff had in True Pharmastrip, Inc. as well
21 as references to when he withdrew as a director. Do you
22 remember the Court asking you questions about that?

23 A Yes.

24 Q We mentioned a few. Were there any filings with
25 the SEC relating to that?

1 A I don't recall -- all filings were handled by
2 Erwin Sui.

3 MR. COLAIZZI: Okay. I'll just reference,
4 Your Honor, the declaration of Erwin Sui which is
5 Document 153-6 which is an errata sheet to Exhibit 9 which has
6 the information in it.

7 Q Are board resolutions also filed with any entity,
8 public entity?

9 A No. We are a private company.

10 Q Are they filed with any corporate registrar?

11 A That's an Erwin Sui question. I don't know. I
12 believe the resolutions were filed as exhibits. That's my
13 belief.

14 Q Okay.

15 Your Honor, at the beginning of the hearing, you
16 referenced some documents, and they were accepted into
17 evidence. We had -- I think you have accepted all of our
18 documents and declarations that were filed with the Court. But
19 you hadn't gone through them individually. I just wanted to
20 confirm that they are in evidence.

21 THE COURT: Yes.

22 MR. COLAIZZI: Okay. I would also move Poujade
23 Exhibit 1 into evidence.

24 MR. PRUNTY: No objection.

25 THE COURT: Any objection?

1 MR. FLETCHER: No objection.

2 THE COURT: It's received.

3 (Poujade Exhibit No. 1 received into evidence.)

4 MR. COLAIZZI: That's all I have, Your Honor.

5 THE COURT: I just -- let's see. The Alphatech
6 account was closed?

7 THE WITNESS: Yes.

8 THE COURT: Why was it closed?

9 THE WITNESS: For a couple of reasons.

10 THE COURT: If you could speak into the microphone.

11 THE WITNESS: Yes, sir. I was instructed by my
12 attorney that that was the appropriate thing to do. And I
13 didn't want any more transactions being processed through that
14 account from any source.

15 THE COURT: Does Alphatech have any other accounts
16 either in the United States or abroad to your knowledge?

17 THE WITNESS: In the United States, there's a Bank
18 of America account.

19 THE COURT: Any other accounts other than the Bank
20 of America account?

21 THE WITNESS: No, sir.

22 THE COURT: Any other accounts overseas?

23 THE WITNESS: No, sir. Alphatech was created to be
24 the manufacturer's rep for Pharmastrip Corp.

25 THE COURT: There was a transfer of \$490,000 to

1 Alphatech; is that correct?

2 THE WITNESS: Over time.

3 THE COURT: Did the Pharmastrip's board approve the
4 transfer?

5 THE DEFENDANT: Pharmastrip Corp. or TPI?

6 THE COURT: Pharmastrip Corp.

7 THE WITNESS: Yes.

8 THE COURT: And there was a loan to the Cardiffs,
9 unsecured loan by Alphatech; is that correct?

10 THE WITNESS: Yes.

11 THE COURT: What was the legitimate purpose of that
12 loan?

13 THE WITNESS: It was to just help out a friend. I
14 should have done that loan personally in retrospect, not
15 through my company.

16 THE COURT: I think in your declaration you
17 reference that Alphatech is the employer of Pharmastrip's chief
18 chemist Dr. Yang. Is that what you said?

19 THE WITNESS: Well, it's Alphatech's chief chemist.

20 THE COURT: Dr. Yang?

21 THE WITNESS: Yes, sir.

22 THE COURT: Is Dr. Yang still employed as the
23 chemist for Alphatech?

24 THE WITNESS: Yes, sir.

25 THE COURT: Any additional questions by the

1 government?

2 MR. PRUNTY: Your Honor, we have a few additional
3 questions.

4 THE COURT: Yes. Go ahead.

5 THE WITNESS: Thank you, sir.

6 MR. PRUNTY: If I may inquire.

7 THE COURT: Yes, please.

8 RECROSS-EXAMINATION

9 BY MR. PRUNTY:

10 Q When you were testifying this morning, you
11 identified a second son by the name of Anton.

12 A Yes.

13 Q What is his last name?

14 A Poujade.

15 Q Excuse me?

16 A Poujade.

17 Q Poujade. Okay.

18 A His full name is Anton Jacques Poujade.

19 Q Are you related in any way to any of the board
20 members currently sitting on what we are referring to as TPI
21 which used to be Clover Cannastrip?

22 A No.

23 Q Earlier we were talking about a phone call which
24 would be reflected in the exhibit just referred to by counsel.
25 Was that Exhibit 1? Is that correct?

1 MR. ROTHMAN: Poujade 1.

2 MR. PRUNTY: Poujade 1, thank you.

3 Q And you were talking about a ten-minute phone
4 call. Do you recall that?

5 A Yes.

6 Q And in that ten-minute phone call, you indicated
7 that you were not able to speak to Mr. Cardiff at that time?

8 A Well, I did speak to him.

9 Q Can you -- I know that we've covered this ground,
10 but I'd like you to be patient with me and tell me exactly what
11 you can remember was said in that account.

12 A I'd be happy to. He kept telling me that he
13 couldn't talk. He couldn't talk. "I'm not in a position to
14 talk right now." I said, "Is everything okay?" And he just
15 kept insisting that he's not in a good position to speak right
16 now. And I said, "Are you okay? What's going on?" And he
17 goes, "I just -- look, I need to handle whatever is going on
18 here," and that was the extent of it.

19 Q Was there any further inquiry by you at that
20 point?

21 A No. I mean, I thought, like I said previously,
22 that it was a personal matter. I thought it was that he was
23 having difficulties and -- possibly in his marriage and I
24 didn't want to push it because I've had that phone call him
25 before when he first divorced Amy.

1 Q And did you talk about any other subject area?

2 A No.

3 Q So what you've just recounted to the Court lasts
4 much less than 30 seconds. Would you agree?

5 A It was a back and forth, my pushing gently, his
6 rebuffing saying "I really can't talk to you right now. I'm
7 going to have to call you back."

8 Q And your testimony is that that took ten minutes?

9 A That's what the record shows. I wasn't aware if
10 it was going to take ten minutes. That's just what the record
11 shows.

12 Q And you can think of no subject that you spoke
13 about?

14 A Other than it was a very difficult moment for him
15 and he could not talk.

16 Q I'd like to draw your attention to the payment
17 that the receiver's representative was asking about earlier of
18 \$360,000 from the TD Canada account held in the name of
19 Clover Cannastrip on October 18th, 2018. Do you recall that
20 transfer?

21 A Yes.

22 Q That transfer was for the personal benefit of
23 Richard Poujade. At least it was sent to his personal account;
24 is that right?

25 A Yes.

1 Q And you have to date not produced for the Court
2 or the Federal Trade Commission any bank record memorializing
3 that transfer from the perspective of Mr. Poujade, Richard
4 Poujade?

5 A (No audible response.)

6 Q Have you produced any of Richard Poujade's bank
7 accounts showing that that transfer was received?

8 A So we produced an accounting --

9 Q Yes or no?

10 A That it was received by Richard --

11 Q Yes. Have you produced any bank documents
12 showing that Richard Poujade received that transfer?

13 A No.

14 Q Have you produced any bank documents showing that
15 Richard Poujade placed that money into the Pharmastrip Corp.
16 account?

17 A I produced an accounting of Pharmastrip Corp.
18 account.

19 Q Yes or no, have you produced any bank account
20 statements for the Pharmastrip Corp. account showing it was
21 actually received?

22 A No.

23 Q Not to the Court and not to the Federal Trade
24 Commission in response to our April 10th subpoena; is that
25 correct?

1 A Correct.

2 Q Okay. The October 12th call was at 12:55 p.m.;
3 is that right?

4 A If that's what the record shows.

5 Q Do you agree the record is accurate?

6 A I believe so. I spoke to him around lunch time.

7 MR. PRUNTY: The Court's indulgence?

8 THE COURT: Yes.

9 BY MR. PRUNTY:

10 Q Mr. Poujade, I was misreading the -- your first
11 exhibit to the Court. I had the impression I was looking at
12 Mr. Cardiff's activity, and this is your activity. So that
13 this would have been an incoming call to your mobile phone
14 number from Jason Cardiff on October 12th, 12:55 p.m. which
15 lasted ten minutes. Would it be your testimony that he called
16 you and then didn't want to talk to you?

17 A So he was returning my call. So yeah, he called
18 me.

19 Q He called you and he spent ten minutes saying he
20 didn't want to talk to you; is that right?

21 A So he was returning my call, and the conversation
22 was around -- first it was like, "Oh, you are working today?"
23 Because on Fridays he always golfed. And then he goes, "Yeah,
24 yeah. But I can't really talk right now."

25 Q So you just recounted to the Court a 45-minute

1 phone call that occurred that date on October 12th at 7:30 in
2 the morning and you indicated the only other call you had with
3 Mr. Cardiff was the one at 1:00? That we are talking about,
4 12:55 p.m.?

5 A Yes.

6 Q So those are the two calls?

7 A That's my recollection.

8 Q Have you had an opportunity to review the records
9 submitted by the FTC in support of this motion regarding the
10 transfers, the money transfers from Alphatech U.S. bank account
11 to the creditors of the Cardiffs?

12 A Yes.

13 Q Do you recall the total of \$211,000? I can show
14 it to you if you need it.

15 A No. So that is your total, yes.

16 Q That's a total of transfers on behalf of the
17 Cardiffs from the U.S. bank account held in the name of
18 Alphatech. Do you dispute that?

19 A Well, there's 40,000 of business expenses in
20 there.

21 Q Yes or no?

22 A Yes.

23 Q You do dispute it. Do you dispute it because of
24 the types of transfers and what they meant to Alphatech, or do
25 you dispute it because they did not happen?

1 A No. Because some are in question, are under
2 review.

3 Q Did those transfers happen?

4 A Yes.

5 Q So \$211,000 was transferred to creditors of the
6 Cardiffs. Whether or not they are disputed is the remaining
7 question; is that correct?

8 A So it was a loan to Jason to pay his bills.

9 Q It's a yes or no question.

10 A Yes.

11 THE COURT: The loan was unsecured; is that correct?

12 THE WITNESS: Yes, sir.

13 THE COURT: Why?

14 THE WITNESS: Because I knew Jason. He lived in a
15 big home. He -- I wasn't worried about it being repaid. I
16 knew that I could put him to work to repay it.

17 THE COURT: This was not your money, is that
18 correct, your personal funds?

19 THE WITNESS: Correct.

20 THE COURT: Thank you.

21 THE WITNESS: Yes, sir.

22 BY MR. PRUNTY:

23 Q I'd like to direct your attention to
24 Docket 157-1, page 11. It's a multi-page document produced as
25 Table 3 to the declaration of Connor Sands, our lead

1 investigator in this case. It recounts beginning November 9th,
2 just two days after the Cardiffs were in this courtroom, and
3 continuing through May. And I'd like to just go to the bottom
4 of page 11 if I could to the total of \$211,000. Do you see
5 that total?

6 A Yes, sir.

7 Q And you indicate, yes, that you do, in fact,
8 dispute that those were creditors of the Cardiffs; is that
9 correct? All of the listed expenses in Table 3?

10 A Partially.

11 Q Let's go over these credit card accounts. Is
12 there any dispute they are held in the name of either
13 Jason Cardiff or Eunjung Cardiff?

14 A No.

15 Q And the Amex cards also owned either in a
16 corporate name, which is one of the corporate defendants sued
17 in this case, or in the name of Jason Cardiff or Eunjung
18 Cardiff. Do you dispute that?

19 A No.

20 Q In the Claremont Manor expenses for the benefit
21 of Gerald Cardiff, do you dispute that?

22 A No.

23 Q Would it help you to review this document so you
24 could tell the Court which of these expenses you dispute as not
25 being legitimate creditors of the Cardiffs?

1 A The only credit card in question is Barclays.

2 Q Can you tell us why?

3 A Because he asked me if he could put business --
4 company business expenses on the Barclays card. I don't have
5 the Barclays statement. So I don't know which one of those
6 expenses are business or personal. That's --

7 Q You are not taking the position that all of the
8 Barclays expenses are business?

9 A No. I'm not taking a position either way because
10 I still don't have the Barclays statements.

11 Q So you've chosen to disregard those as being part
12 of this total? Is that your testimony?

13 A No. In the accounting that we provided, they are
14 just under review.

15 Q And these expenses go back to November that we
16 are looking at right here on this page. Do you agree?

17 A Yeah.

18 Q So since November -- it's now the end of July.

19 A Yes.

20 Q And you are still reviewing these Barclays
21 expenses? Is that your testimony?

22 A I still don't have the Barclays statements.

23 Q Have you inquired of Mr. Cardiff's attorney?

24 A No.

25 Q Okay. Beyond the expenses we just looked at, are

1 there any other expenses on behalf of Cardiff creditors or
2 Cardiff services?

3 A No.

4 Q So you have not paid \$50,000 to Mr. Cardiff's
5 attorney?

6 A Not through Alphatech.

7 Q So you did pay \$50,000 to one of Mr. Cardiff's
8 attorneys?

9 A Yes. Personally I did that.

10 Q You did it personally?

11 A Yes, sir.

12 Q To which one?

13 A To Michael Thurman.

14 Q And there were other expenses on behalf of
15 Mr. White, another attorney for Mr. Cardiff; right?

16 A That was paid by Pharmastrip Corp.

17 Q That's just your brother's account; right?

18 A No. It has a bank account.

19 Q Okay. So Mr. Richard Poujade has a bank account,
20 and it's in a company name, and he can do whatever he wants
21 with it? Is that your testimony?

22 A No. This is per the contract that we have, the
23 management contract we have with Mr. Cardiff. Those amounts
24 that were not paid to Mr. Cardiff but that were set aside or
25 accrued were advanced to Mr. White.

1 Q So the \$90,000 that you had previously indicated
2 was being held by Pharmastrip on behalf of Mr. Cardiff were
3 instead applied to attorneys' fees? Is that your testimony?

4 A My attorneys instructed me I could do that.

5 Q Which attorneys?

6 A Michael Kinney.

7 Q You referred moments ago to a stock cancellation
8 that you testified took place August 29th of 2018.

9 A Yes.

10 Q Are you certain that's when this stock was
11 canceled?

12 A Yes.

13 Q As you sit here today many months later, you are
14 certain of that exact date?

15 A Yes.

16 Q You are not sure when you received notice of the
17 temporary restraining order, but you are certain that of what
18 took place August 29th with respect to the stock certificate?

19 A Yes.

20 Q I'd like to show you the stock certificate. I'm
21 referring to -- excuse me.

22 THE COURT: Identify the document, please.

23 MR. PRUNTY: Thank you. I'm looking for the docket,
24 Your Honor, Docket 126 page 18.

25 Q I believe this would have been part of the

1 May 28th declaration, and this was an exhibit you appended to
2 that declaration. Do you recall that?

3 A Yes.

4 Q Can you read that page and tell me where you find
5 the date August 29th.

6 A So it's not on that document.

7 Q You testified that that took place on
8 August 29th. Are you sure of that? Yet there's no date on it.

9 A Yes, because there's a purchase agreement of that
10 cancellation, and that's dated August 29th. And there's a
11 resolution that specifically refers to August 29th to that
12 cancellation.

13 Q Those documents were created by whom?

14 A Erwin Sui, our general counsel.

15 Q Erwin Sui --

16 A Our --

17 Q -- created those documents?

18 A Yes, sir.

19 Q Have you ever received the originals of those
20 documents? You know where they are maintained?

21 A Those are with him.

22 Q I'd like to draw your attention --

23 THE COURT: One moment.

24 THE WITNESS: I'm diabetic. Could I just get a
25 water?

1 THE COURT: Can we get a water for the witness? Do
2 you need to take a recess?

3 THE WITNESS: No. Just a water will help. I
4 appreciate it. Thank you. Thank you, sir.

5 BY MR. PRUNTY:

6 Q Mr. Poujade, you previously testified this
7 morning that the October resignation letters or the resignation
8 letters of the Cardiffs were actually tendered in September.

9 A Yes.

10 Q And you are certain of that?

11 A Yes.

12 Q I'd like to draw your attention to the record
13 where you've appended those October 8th resignation letters.

14 A Okay.

15 Q These were appended to the Cardiffs' exhibits.
16 It is Docket 147-1. Page 13 is Jason Cardiff.

17 A Yes.

18 Q And your testimony is that this October 8th
19 resignation was not actually tendered until September?

20 A It was tendered in September, and I instructed
21 Erwin Sui to get it done.

22 Q And you previously testified that the BC registry
23 amendment was made by Erwin Sui in November?

24 A As to the directorships, yes.

25 Q And that date is November 16th, isn't it?

1 A I don't know. I thought it was earlier, but --

2 Q So these letters that we have in front of us of
3 resignation were signed a month after they were tendered. Is
4 that your testimony?

5 A They were documented a month after they were
6 tendered.

7 Q Do you see by the signature of Jason Cardiff a
8 date?

9 A Uh-huh, yes.

10 Q What is that date?

11 A October 8th.

12 Q Is that after September?

13 A Yes.

14 Q Okay.

15 A But Haywood was categorical. This deal was not
16 going forward unless they resigned.

17 Q But that's the date he signed this form?

18 A Yes.

19 Q Nobody added that date after he signed it?

20 A No. But I had to represent to Haywood that he's
21 no longer a director, and I did represent that.

22 Q You did it before he actually tendered his
23 resignation?

24 A No. He tendered his resignation when he came
25 back from Toronto in September.

1 Q So the answer is yes?

2 A The answer is yes to --

3 Q It's a yes or no question.

4 A Repeat the question.

5 MR. PRUNTY: Can the court reporter repeat --

6 THE COURT: Look, let's move on. I see the
7 document. I've considered the testimony of Mr. Poujade, and
8 the Court will have to reach credibility determinations going
9 forward.

10 BY MR. PRUNTY:

11 Q Earlier you were equivocal about the date of the
12 name changes of directors in the BC registry. I'm looking at a
13 Docket 126, page 19, a notice of change of directors. I'd like
14 you to read from the form the date and time of that filing.

15 A I'm not seeing the entire form.

16 Q The top of it is --

17 A November 16th, 2018, 9:25 a.m.

18 Q Does that refresh your recollection about the
19 date?

20 A Again, this was handled by Erwin Sui.

21 Q It's a yes or no question.

22 A Does this --

23 Q Does --

24 A Yes.

25 Q Is the date November 16th?

1 A Yes.

2 Q Thank you.

3 You testified you instructed your brother,
4 Richard, to open a Pharmastrip Corp. account; is that right?

5 A Yes.

6 Q Is there some reason you didn't open an account
7 by simply giving them copies of your passport and driver's
8 license?

9 A I'm not on Pharmastrip Corp. as a director or an
10 officer or -- it would have to be done by Richard.

11 Q You couldn't actually have it in your name, could
12 you? Is there some reason you couldn't have Pharmastrip Corp.
13 in your name?

14 A (No audible response.)

15 Q Why did it have to be your brother?

16 A Because he formed the company in September. He
17 was the only officer and director.

18 Q He could have made you an officer, and you could
19 have opened this account using -- your testimony yesterday was
20 a copy of a driver's license or passport would do it.

21 A I said that's what I did here in California.

22 Q But you thought that was true in Canada?

23 A Yes.

24 Q Because you wouldn't have asked Mr. Cardiff to do
25 that if you didn't think it was true.

1 A Correct.

2 Q So you could have really sidestepped a lot of
3 this by just opening an account in your name; isn't that right?

4 A I didn't. I'm CEO of TPI. I --

5 Q This is a yes or no question.

6 A Ask the question again.

7 Q You could have simply sidestepped the entire
8 process by sending copies of your passport and your driver's
9 license to the bank and opening the account yourself?

10 A No.

11 Q You thought you could.

12 A No. I was not connected to Pharmastrip Corp. I
13 was not an officer, not a director.

14 Q Okay. But Pharma Corp. freely lends money to
15 Alphatech in the tune of at least \$490,000 not to mention what
16 they paid for attorney fees.

17 A Those are all approved by Pharmastrip Corp.'s
18 board.

19 Q Pharmastrip Corp. doesn't have a board.
20 Pharmastrip Corp. is your brother.

21 A It has a board. It's a legally-constituted legal
22 entity in Canada.

23 Q You've previously testified that he's the sole
24 director.

25 A Yes.

1 Q So you are talking about your brother.

2 A Yes.

3 Q Okay. Isn't it true that previously Mr. Cardiff
4 has, in fact, done business on behalf Clover Cannastrip using
5 the name Clover Cannabis? You've seen documents in the record
6 like that; right?

7 A That would call for speculation.

8 Q Would it assist you in remembering that if I show
9 you the document? It's a distributor agreement from July of
10 2018, and it says "Clover Cannabis Film Strip," and it uses the
11 same BC registry number as Clover Cannastrip.

12 A I have no knowledge of that.

13 Q I'm showing you Docket 134-3, page 52 of 90.

14 A Okay.

15 Q On the bottom of that page, it says "Clover
16 Cannabis Thin Film Technology, Jason Cardiff."

17 A I see it.

18 Q You see the reference in the very first paragraph
19 to Clover Cannabis Thin Film Technologies, a Canadian
20 corporation at the Clover Cannastrip Vancouver address with the
21 registry number of BC1174145. Do you see that?

22 A I see it.

23 Q That's the same registry number that we just
24 looked at in the docket that I showed you earlier.

25 A Mr. Cardiff also had cannabis labs --

1 Q This is a yes or no question. Is that the same
2 registry number we just looked at?

3 A I don't know what the registry number is off the
4 top of my head.

5 Q We just looked at the form. Would you like me to
6 get it for you?

7 A That's not the registry number -- if that's TPI
8 registry number, that is not the registry number for Clover
9 Cannabis Thin Film Technologies Corp. because a company
10 cannot -- two companies cannot have the same BC registry
11 number.

12 Q I'm asking about whether that's the same number,
13 and I'm going to refer you back to the BC registry services
14 form we just looked at.

15 A Look at the name on the registry. It says --

16 Q I'm asking the questions. Do you see the number
17 at the BC registry number at the top left of the page,
18 BC1174145?

19 A I see that.

20 Q Is that the same number I repeated moments ago?

21 A Can you go back to the other form?

22 Q Certainly.

23 A Thank you.

24 Q Third line down on Docket --

25 A It is the same number, but not the same company.

1 Q It's the same number? And it's Mr. Cardiff's
2 signature as president?

3 A It appears so.

4 Q Thank you.

5 MR. PRUNTY: The Court's indulgence?

6 MR. THURMAN: Your Honor, just pointing out I don't
7 see any indication of Mr. Cardiff's title on that document.

8 MR. PRUNTY: Duly noted.

9 Thank you, Your Honor.

10 Q The date of this document is what?

11 A Of the Clover Cannabis Thin Film --

12 Q Yes, this agreement, this distributor agreement.

13 A It appears to be 10/10.

14 Q October 10th, 2018?

15 A Yes.

16 Q Was that after Mr. Cardiff parted ways with
17 Clover Cannastrip as an officer?

18 A Yes.

19 Q And you testified that he had no authority; is
20 that correct?

21 A Yes.

22 Q We talked yesterday about a presentation that was
23 made by Mr. Cardiff in Toronto to FSD Pharma. Do you recall
24 that presentation or discussion of a presentation that
25 Mr. Cardiff made or he gave to representatives of one of Clover

1 Cannastrip's investors, FSD Pharma? Do you remember that?

2 A I also remember saying I wasn't there.

3 Q That's right. But your picture is on it, isn't
4 it?

5 A Which presentation are you referring to?

6 Q The presentation that was provided to the Federal
7 Trade Commission by FSD Pharma as the presentation they
8 received from Clover Cannastrip representative Jason Cardiff on
9 August 31st, 2018.

10 A I've also testified that that presentation was
11 put together by Haywood and has the wrong company name on it.

12 Q So you are familiar with the presentation?

13 A If that's the presentation you are speaking
14 about, yes.

15 Q This is Docket 134-17, page 9 of 17. Is that you
16 listed as chief financial officer for Clover Cannabis Thin Film
17 Technologies?

18 A If we could go to the cover page, I could tell
19 you which presentation this is and if it was the Haywood
20 presentation or not.

21 Q Okay. Here's page 1. Do you need to see page 2?

22 A It would be helpful.

23 Q Okay.

24 MR. THURMAN: Your Honor, I think counsel
25 inadvertently represented in one of the questions earlier that

1 Mr. Cardiff had said that he presented this presentation to
2 investors at that August 31 meeting. My recollection of his
3 testimony was that he did not present any pitch at that
4 meeting. So I just wanted to remind the Court and direct you
5 to the record.

6 BY MR. PRUNTY:

7 Q Does this page help to refresh your recollection
8 about which presentation this was?

9 A Could we just go through it real quickly? It
10 can't be more than --

11 Q It's 17 pages, but I'm happy to walk you through
12 it.

13 A Okay. Okay. Thank you. Thank you. Yes. Thank
14 you. Thank you. So if you could repeat the question. That is
15 my picture, yes.

16 Q And this is the presentation that was -- I'm
17 going to represent to you this was a presentation provided to
18 the Federal Trade Commission by FSD Pharma. It's part of the
19 record.

20 A Okay.

21 Q And they indicate that they received it from
22 Mr. Cardiff on August 31st. It has your picture as chief
23 financial officer and Mr. Cardiff's picture as chief executive
24 officer. Do you see that?

25 A Yes.

1 Q And just six days later, there's an infusion of
2 capital from FSD Pharma to the account of Clover Cannastrip
3 Thin Film Technologies on September 6th. We looked at that
4 slide yesterday. Do you recall that?

5 A I recall. Can you go where it shows the cap
6 structure? What I'm trying to determine is -- right there. So
7 this was prepared by Haywood, I believe.

8 Q There's no question pending.

9 A Okay.

10 MR. PRUNTY: The Court's indulgence?

11 (Pause in proceedings.)

12 MR. PRUNTY: I have nothing further at this time,
13 Your Honor.

14 THE COURT: Questions?

15 MR. FLETCHER: Yes, Your Honor, briefly.

16 THE COURT: We are going to stop at 11:30 and take
17 the afternoon recess at 11:30.

18 MR. WHITE: Your Honor, if I may, as to Mr. Prunty's
19 representation to the Court as to source of information about
20 who supplied --

21 THE COURT: Is there an objection of some sort? If
22 you want to make argument at a later date, you can.

23 MR. WHITE: Very well. We'll do it then. Thank
24 you.

25 MR. FLETCHER: May I inquire, Your Honor?

1 THE COURT: Yes.

2 RECROSS-EXAMINATION

3 BY MR. FLETCHER:

4 Q Mr. Poujade, again, I'm Mike Fletcher. I
5 represent the receiver.

6 Do you have the document that we've been -- that
7 we've identified as Poujade Exhibit 1 that I believe is now in
8 evidence?

9 A I do.

10 Q Will you turn to page 19?

11 A Yes.

12 Q And specifically there are six entries on
13 October 12th. I want to call your attention to those entries.
14 Do you have that?

15 A I do.

16 Q At 10:01 you called Jason Cardiff for one minute;
17 correct?

18 A Yes.

19 Q Okay. At 10:02 Jason Cardiff called you back.
20 Do you see that?

21 A Yes.

22 Q For three minutes?

23 A Yes.

24 Q At 10:04 Jason Cardiff called you back for
25 17 minutes. Do you see that?

1 A Yes.

2 Q The receiver then walked in, served him with a
3 restraining order, asset freeze, injunction, all the rest of
4 it. Then he called you back again at 12:55, and you spoke for
5 ten minutes. Do you see that?

6 A Yes.

7 Q Okay. Now, you've characterized the 12:55
8 conversation as Jason Cardiff was distraught, he was upset, and
9 he couldn't talk to you.

10 A Correct.

11 Q Yet he called you; correct?

12 A Yes.

13 Q In fact, this is the third time he, quote,
14 "called you back that morning"; correct?

15 A Yes.

16 Q Okay. Turn the page, if you would, to page 20 of
17 Poujade Exhibit 1, please.

18 A Yes.

19 Q There's only one entry, October 14 at 7:40 in the
20 evening. Do you see that?

21 A Yes.

22 Q And that's Sunday, October 14th?

23 A Yes.

24 Q Jason Cardiff called you for seven minutes;
25 correct?

1 A I don't know how to distinguish inbound versus
2 outbound.

3 Q Well, it says incoming to you.

4 A Yes.

5 Q And the prior ones are all incoming to you;
6 correct?

7 A I see that.

8 Q So on Sunday, he was still distraught. He was
9 still upset, and he still couldn't talk; correct?

10 A Yes.

11 Q But he called you; correct?

12 A Yes.

13 MR. FLETCHER: Thank you, Your Honor. I have no
14 further questions.

15 THE COURT: We'll take the afternoon recess and
16 resume again at 1:00.

17 MR. FLETCHER: Your Honor, may I inquire whether we
18 can leave things?

19 THE COURT: Yes, you can leave everything.

20 MR. FLETCHER: Thank you.

21 (At 11:25 a.m. the lunch recess was taken.)

22 THE COURT: Okay. We are back on the record in the
23 Federal Trade Commission versus Cardiff, et al.

24 Let's continue with the examination.

25 MS. SANGER: Your Honor, if I may just before we

1 begin, Attorney Jim Prunty representing the FTC will not be
2 joining us in the afternoon.

3 THE COURT: Okay. Thank you for noting that on the
4 record.

5 FURTHER REDIRECT EXAMINATION

6 BY MR. COLAIZZI:

7 Q Good afternoon, Mr. Poujade. I'm just going to
8 reference the questioning that Mr. Prunty had regarding when
9 Mr. Cardiff tendered his resignation of his directorship. Do
10 you recall Mr. Cardiff's testimony about being -- up talking to
11 Haywood and saying to them that he was going to come back and
12 talk to you about resigning -- possibly resigning as director?

13 A Yes.

14 Q Did he ever talk with you about that?

15 A Yes.

16 Q Okay. What was the substance of the conversation
17 about?

18 A It was a difficult conversation.

19 Q Was it one conversation or more than one?

20 A It was several conversations.

21 Q Can you just describe it generally?

22 A Yeah. So what he was exploring was how
23 Mr. Cardiff would stay involved in the company now that he was
24 resigning his directorship.

25 Q Was he -- had he determined he was going to

1 resign his directorship prior to September?

2 A It was in early September. It was the only
3 conclusion he could come to -- that we could come to.

4 Q Why is that?

5 A Because Haywood would not advance without it.
6 And, again, that's in the context of what Haywood wanted to do.
7 They wanted to go public.

8 Q Okay. So what were the conversations about when
9 he was going to do it or about whether he had to do it, resign?

10 A Well, he had to do it, or else we were just going
11 to walk away.

12 Q So you said he tendered his resignation in
13 September. Do you remember that?

14 A Yes.

15 Q Did he?

16 A Yes.

17 Q Early September I think you just said.

18 A Yes. But it was --

19 Q Did he hand you a piece of paper, "I hereby
20 resign"?

21 A No. It was verbal.

22 Q And was that the first time he said I'm going to
23 resign since coming back after talking to Haywood when he said
24 to Haywood that he was going to explore whether he had to
25 resign?

1 A That's when he came to the conclusion that he had
2 to resign.

3 Q When is?

4 A When we had that conversation in September.

5 Q Okay. So you didn't actually get the piece of
6 paper of him resigning; is that right?

7 A That's correct.

8 Q Okay. Did you -- let me put up here --
9 Mr. Prunty or Mr. Fletcher -- I think it was Mr. Prunty asked
10 you about this document.

11 A Yes.

12 Q He was asking you about that this document was
13 dated November 16th, 2018. Do you recall that?

14 A Yes.

15 Q What is significant of that date? And I'll
16 direct you to the shaded box at the top.

17 A That's the date it was filed.

18 Q And what is the date of the change of directors?

19 A October 8th.

20 Q 2018?

21 A Yes.

22 Q Okay. Mr. Prunty also asked you about a deck.

23 A Yes.

24 MR. COLAIZZI: Can we pull that document up?

25 Q This is the deck that he showed you.

1 A Keep going. Yes.

2 Q And there it says "Disclaimer" there. Do you see
3 that?

4 A Yes.

5 Q Can you make out all the words? Do you need it
6 bigger?

7 A No, I can read that. Thank you. It says
8 "Disclaimer. Forward looking information. The information
9 contained in this investor presentation" --

10 THE COURT: Slow it down, please.

11 THE WITNESS: Sorry, Your Honor. "The information
12 contained in this investor presentation for Clover Cannabis
13 Thin Film Technologies Corp."

14 BY MR. COLAIZZI:

15 Q Is there a Clover Cannabis -- strike that.

16 Has the company that's now known as True
17 Pharmastrip, Inc., was it ever called Clover Cannabis Thin Film
18 Technologies?

19 A No.

20 Q Was this document that was shown to you earlier,
21 is that something that was approved by you?

22 A No.

23 Q Do you recall seeing your picture on this
24 document?

25 A No. Oh, in this document? Yes.

1 Q Did you okay the use of your picture in this
2 document?

3 A No.

4 Q Did you ever use this document for any
5 presentations to any investors?

6 A No.

7 Q Is this a deck for Clover Cannastrip?

8 A No.

9 Q This is the front page of this document. There's
10 a date of August 2018. Does that date have any significance?

11 A Not in my world.

12 Q Mr. Prunty also asked you about a distributor
13 agreement, and he was asking you to look at the -- I think he
14 called it the BC number. I'm going to have it pulled up here.

15 Let me show you what -- this is the document that
16 Mr. Prunty put in front of you. Can you tell me what that logo
17 is in the top left corner?

18 A It says, "CloverStrip," but underneath it, it
19 says, "Cannabis" -- I'm not quite sure what the rest of that
20 says. "Cannabis" -- I don't know if you can make it larger.
21 "Cannabis Oral Thin Film Technology Corp."

22 Q In fact, if you look at the parties to the
23 agreement, can you -- I think you pointed out before it was
24 Clover Cannabis not Clover Cannastrip Thin Film Technologies?

25 A Correct. I've also pointed out that I've never

1 seen this agreement prior to its submission.

2 Q Okay. It's not the same company as Clover
3 Cannastrip Thin Film Technologies?

4 A No.

5 Q Does True Pharmastrip, Inc. or -- regardless of
6 the name it had since its beginning, did it ever have a
7 distributor agreement?

8 A No.

9 Q Why not?

10 A True Pharmastrip, Inc. is the parent company, and
11 for a myriad of reasons including insurance, it cannot be in
12 the cannabis business. But its subsidiaries can.

13 Q Does it distribute anything?

14 A No.

15 Q Let me direct your attention to the phone calls
16 that we talked about earlier. And do you have Poujade
17 Exhibit 1?

18 A I do.

19 Q And if you turn to page 219 -- sorry -- page 19,
20 Poujade Exhibit 1, I'm going to set the stage here and ask you
21 if you remember when Mr. Fletcher said to you are you really
22 testifying that Mr. Cardiff called you back four times after
23 you called him. Do you remember that?

24 A Yes.

25 Q So let me put this up on the screen. I think

1 that's in focus enough.

2 So if you look on October 12th, if you look at
3 the first call at 8:35 a.m., it was for 46 minutes. Do you see
4 that?

5 A Yes.

6 Q If you add 46 minutes to the time of 8:35 -- I
7 did the math on my own. So I'm happy to be corrected. But it
8 takes you to 9:21 a.m. Do you see that?

9 A Yes.

10 Q And the next call started at 9:20 a.m. Do you
11 see that?

12 A Yes.

13 Q And that was Mr. Cardiff calling you back; right?

14 A Yes.

15 Q That's what the document reflects; right? It may
16 be off by a minute because the one call was 46 minutes and
17 takes you to 8:21 -- I'm sorry -- 9:21. So if you add
18 13 minutes to 9:20 a.m., you get 9:33; right? And that is you
19 calling -- I'm sorry. That's the call where Mr. Cardiff called
20 you back.

21 And then at 10:01 a.m., you called Mr. Cardiff,
22 and you were on for a minute. It takes you to 10:02 a.m. The
23 next call is 10:02 a.m., and that was a three-minute call which
24 takes you to 10:05 a.m.; right?

25 A Yes.

1 Q And at 10:04 a.m., Mr. Cardiff called you back
2 and you spoke for 17 minutes.

3 A Yes.

4 Q Which takes you to 10:21; right?

5 A Yes.

6 Q Do you remember the receiver -- Mr. Fletcher
7 representing that the receiver went in at 10:22 a.m. on
8 October 12th?

9 A Yes.

10 Q Do you recall Mr. Cardiff saying anything about
11 having to call you back?

12 A No.

13 Q He did call you back though; correct?

14 A Yes.

15 Q And that was at 12:55?

16 A Yes.

17 Q So have you ever had any issues with your cell
18 phone or Mr. Cardiff's cell phone when you call each other by
19 cell phones?

20 A He has a lot of dropped calls because of where he
21 lives in Upland at the base of the mountain.

22 Q Does this refresh your recollection as to whether
23 these calls were just redials of dropped calls? Do you have
24 any recollection at all?

25 A Yeah. The short calls would be a reflection of

1 that.

2 Q The first call you go from 8:35 to 9:21. And
3 then there's a call back to you at 9:20. Do you see that?

4 A Yes.

5 Q You don't recall specifically if that was a
6 dropped call?

7 A Not the 13-minute one, no, I don't remember. No.

8 Q Okay. Or even the first call that you made early
9 in the morning; right?

10 A Correct.

11 Q So --

12 THE COURT: Before you move on, I just have a
13 question. I just want clarity in the record so that I
14 understand.

15 Mr. Poujade, in reference to the call on
16 October 12th at 12:55 p.m. that was incoming to you that
17 references that it's a ten-minute call, are you claiming that
18 that was a dropped call?

19 THE WITNESS: No. I'm just saying that we had been
20 discussing business all day, all morning, and he just called me
21 back to tell me that this was a difficult day for him and he --
22 and I made a joke about his golfing, et cetera, et cetera. And
23 he said I just -- this is not a good time for me.

24 THE COURT: Okay. So in the FTC's pleading, the FTC
25 has taken the position -- and I'm quoting from their pleading.

1 "It's strange credulity to think that the TRO was not the main
2 topic of the conversation at the time" referencing
3 October 12th, the ten-minute call, "especially given
4 Mr. Poujade's role as financial officer of the Redwood City
5 Scientific." And that's in the reply at page 2.

6 So help me out here. You indicated that during this
7 call at 12:55 on October 12th, Mr. Cardiff just informed you
8 that he couldn't talk right now?

9 THE WITNESS: Correct.

10 THE COURT: When you recounted that, it took
11 30 seconds. So fill in the conversation. What else was
12 discussed?

13 THE WITNESS: Well, we had had several calls that
14 day. There were several issues we were talking about. We were
15 talking about Haywood, you know, the plans that I had with
16 Haywood, the machinery --

17 THE COURT: So you were talking about the plans
18 regarding Haywood during the --

19 THE WITNESS: The earlier --

20 THE COURT: -- 12:55?

21 THE WITNESS: The earlier calls.

22 THE COURT: I'm just referring to the 12:55 call.
23 It lasts ten minutes --

24 THE WITNESS: As a result of the earlier calls, I
25 had a lot of outstanding issues, and he didn't want to deal

1 with those outstanding issues.

2 THE COURT: Walk me through the conversation.

3 THE WITNESS: Yeah, it's like, Jason, where's the
4 first -- you know, we have to have -- our first piece of
5 equipment has been ordered. FSD Pharma wants it. We have got
6 California that it should go into. We were talking about the
7 clean rooms that have to be built. We were talking about the
8 chemist. We needed a chemist.

9 THE COURT: When you say "we were talking," was he
10 saying more than "I can't talk now"?

11 THE WITNESS: I was asking those questions. We need
12 to put an ad in for the chemist. The machines have been
13 ordered. And he said, "I can't talk about that right now." In
14 fact, I really thought he was having marital issues.

15 THE COURT: Yes. Continue with the conversation, if
16 you can.

17 THE WITNESS: Yes. He just kept saying, "This is
18 not a good time. I can't talk about that right now. Can we
19 talk about that later?" I said, "We have to make decisions.
20 The machinery has been ordered. It's going to be on the boat."
21 I said, "We have -- I want to put it in Canada."

22 There were problems with Canada. The FSD Pharma
23 agreement had not been done yet even though they were excited
24 about the investment. We had Falcon in California that wanted
25 the equipment --

1 THE COURT: Is this part of your conversation?

2 THE WITNESS: These were all the outstanding things.
3 I have a punch list.

4 THE COURT: No, no. I'm interested in what you were
5 talking with Mr. Cardiff at 12:55 p.m. on October 12th that
6 references a ten-minute call.

7 THE WITNESS: Yes. He kept saying, "I can't talk
8 about that. I can't talk right now. I'm not in a good space."

9 "Is everything okay? Is everything okay with you
10 and Eunjung? Are the kids okay?"

11 "I don't want to talk about it right now. I need to
12 call you back."

13 That was the nature of the conversation, Your Honor.

14 THE COURT: And that took less than a minute. So
15 did you have any other conversations with him?

16 THE WITNESS: The outstanding items. I said, "We
17 need to go through the punch list." And I kept repeating "We
18 need an ad for the chemist. We need to decide California first
19 or Canada first for the machinery."

20 THE COURT: So when he told you he could not talk
21 now, did you say, well, I'll call you later?

22 THE WITNESS: No. I just said call me when we can
23 talk about this.

24 THE COURT: You told him that?

25 THE WITNESS: Yes.

1 THE COURT: When was the next phone call that you
2 received from him?

3 THE WITNESS: The next phone call came in on that
4 Sunday.

5 THE COURT: October --

6 THE WITNESS: 14th.

7 THE COURT: -- 14th?

8 THE WITNESS: Yes, sir.

9 THE COURT: Thank you.

10 THE WITNESS: Thank you, sir.

11 BY MR. COLAIZZI:

12 Q Mr. Poujade, did he just not want to talk about
13 what the issue was, or did he not want to talk about the
14 business, or did he not want to talk about anything?

15 A He didn't want to talk about anything.

16 Q Okay. And do you have a recollection of how many
17 items were on your punch list as of October 12th?

18 A It was a page long.

19 Q And what had you been talking about up until that
20 call for the -- and I will represent I added up the minutes,
21 and it comes to 80 minutes of actual connection time.

22 A So Canada was the first country where it was
23 legalized where cannabis was legalized. We were working with
24 FSD Pharma to put a machine in their facility. We were also
25 having conversations with Jim Kunevicius and his partner about

1 California. They're -- Falcon is the biggest licensed
2 distributor in California.

3 And there was competing interest for that first
4 machine. And I believed it needed to go in California. Bigger
5 market, bigger distributor. Falcon is in 380 of the 420
6 dispensaries.

7 We had to hire a chemist. We had to start that
8 process. Putting distillate THC on thin film strips is a very
9 complicated process.

10 Q I'm going to interrupt you. I know you've
11 identified a lot of things that you had talked about in the
12 morning before the roughly 1:00 call. Prior to the 1:00 call,
13 were your calls with Mr. Cardiff effectively two-way calls
14 where you were discussing the issues in depth?

15 A Yes.

16 Q Okay. And then at the 12:55 call, was it two-way
17 call in terms of discussing the issues?

18 A Well, yes, I was still working the list, and he
19 said, "I need to get back to you on this. This is" --

20 Q Was he responding to any of the issues that you
21 raised as something that could be -- he could give his opinion
22 on or resolve when it came to the issues on your punch list?

23 A Some of it but he was obviously distracted.

24 Q While it took you a brief time to describe the --
25 what effectively happened -- and I know you don't directly

1 recall how long the call took even though it's reflected here.
2 Is your punch list long enough and the issues that were
3 outstanding for you to have raised these issues and it taking
4 ten minutes to go through it including the issue he wasn't
5 disclosing?

6 A Easily. It was a page-long line. That's 26
7 items.

8 Q Okay. So by 12:55, it became a one-way
9 conversation with you doing most of the work?

10 A Yes.

11 THE COURT: You spoke for ten minutes?

12 THE WITNESS: Yes, sir.

13 MR. COLAIZZI: Your Honor, I'm just comparing
14 Poujade Exhibit 1 to the document that the FTC has provided.
15 The unfortunate thing is this document shows a call at
16 7:01 a.m. on October 12th. It's identified as being with
17 Jacques Poujade. But we don't have a phone number to be able
18 to confirm that, and when you look at the other end of the
19 call --

20 THE COURT: Is there a question pending?

21 BY MR. COLAIZZI:

22 Q Do you recall a call on October 12th prior to an
23 8:35 a.m. call?

24 A There was no call.

25 Q Okay. And you see on FTC's exhibit attached to

1 Mr. Sands' declaration that it's showing that there was a call
2 with Mr. Cardiff at 7:04 a.m. from you that lasted a minute.
3 Do you see that?

4 A Well, here it shows it's 7:01.

5 Q Yes.

6 A Yes. There was no call.

7 Q Okay. But there is the call at 8:35?

8 A Correct.

9 Q All right. The Court read to you the FTC's
10 allegation which included their disbelief that there was no
11 discussion of the TRO with you particularly in light of the
12 fact that you are CFO of Redwood Scientific. Were you CFO of
13 Redwood Scientific on October 12th, 2018?

14 A I was not.

15 Q Okay. On Alphatech -- let me -- one more
16 question on the calls.

17 Are you certain that Jason Cardiff, Mr. Cardiff,
18 did not mention the temporary restraining order on
19 October 12th?

20 A I'm positive.

21 Q How can you be positive?

22 A It would have been problematic, and it would have
23 been devastating, and he did not mention it.

24 Q Did he mention -- did he mention an asset freeze
25 or asset seizure?

1 A On October 12th?

2 Q Yes?

3 A No.

4 Q Did he mention the FTC -- did he mention the FTC
5 on your call on October 12th?

6 A No. I really thought it was a personal issue
7 related to his family.

8 Q Finally on Alphatech, you are the sole owner of
9 Alphatech; right?

10 A That's correct.

11 Q And you are responsible for -- you are solely
12 responsible for Alphatech?

13 A That's correct.

14 Q How is Mr. Yang getting paid?

15 A Through Alphatech.

16 Q Is he getting paid today through Alphatech?

17 A We have frozen Alphatech. We closed the bank
18 account. So I'm paying him.

19 Q What are you using for money to pay him?

20 A My own personal funds.

21 Q Are you paying anything else on behalf of
22 Alphatech?

23 A Yes. Whatever expenses that are -- so we have a
24 couple of other employees that are on the Alphatech payroll, a
25 total of four employees. I'm paying them as well.

1 Q Anything else that you are having to cover?

2 A Yes.

3 Q What?

4 A Whatever miscellaneous bills but basically we
5 have frozen the activity of Alphatech until this is resolved.

6 MR. COLAIZZI: Nothing further, Your Honor.

7 THE COURT: Does Alphatech have any open bank
8 accounts?

9 THE WITNESS: The --

10 THE COURT: Active open bank accounts?

11 THE WITNESS: Only the Bank of America one,
12 Your Honor.

13 THE COURT: Thank you. Thank you for your
14 testimony.

15 THE WITNESS: Thank you, Your Honor.

16 THE COURT: Any additional witnesses to be called?

17 MR. RODRIGUEZ: Thank you, Your Honor. Eunjung
18 Cardiff.

19 MR. COLAIZZI: Your Honor, I apologize. I have one
20 more --

21 THE COURT: Feel free.

22 MR. COLAIZZI: Thank you.

23 Q There was a question yesterday about any more
24 notes with respect to the loan of the monies from Pharmastrip
25 to Alphatech.

1 I've got some hard copies, Your Honor, that I can
2 pass out. There are four additional --

3 THE COURT: Next in order. We need it marked.

4 MR. COLAIZZI: Yes, Your Honor.

5 THE COURT: It would be Poujade 2.

6 MR. COLAIZZI: I can mark them Poujade 2 through 5.

7 And the chronological order I'll identify.

8 THE COURT: The first is Mr. Poujade 2 which is the
9 January 2nd promissory note.

10 Go ahead.

11 THE WITNESS: They are out of sequence, Your Honor.

12 THE COURT: They are out of sequence. What note are
13 you starting with, sir.

14 THE WITNESS: The number --

15 MR. COLAIZZI: There's a -- additional notes are
16 March 4, 2019 --

17 MS. SANGER: I would object to the entry of these
18 exhibits.

19 THE COURT: Well, let's get them marked first. We
20 have March 4, 2019.

21 MR. COLAIZZI: Poujade 2 would be dated November 8,
22 2018.

23 THE COURT: One second. November 8, 2018.

24 MR. COLAIZZI: Poujade 3 will be January 2, 2019.

25 THE COURT: Let me find it. January 2nd, 2019.

1 MR. COLAIZZI: Poujade 4 would be March 4, 2019.

2 THE COURT: Okay. That's Poujade 4.

3 MR. COLAIZZI: And Poujade 5 is April 22, 2019.

4 Those are the dates on the front page.

5 THE COURT: And the -- the nature of the objection,
6 Ms. Sanger?

7 MS. SANGER: Your Honor, if these are the same
8 exhibits we received by e-mail last night, I'd like to point
9 out that three of these we saw for the first time despite the
10 fact that they were all responsive to the FTC's April 10, 2019
11 subpoena to Jacques Poujade. But furthermore, upon inspecting
12 the metadata of the documents, they all appear to be created on
13 June 21st, 2019.

14 Now, without having seen the original word files, we
15 cannot confirm whether these documents were all created on
16 June 21st, 2019, or whether they were created at some other
17 time. And without having seen those originals, we are
18 objecting to them being placed on the record today to the
19 extent that they purport to be created on the dates that are
20 reflected in the documents.

21 THE COURT: Were the documents provided prior to
22 yesterday?

23 MR. COLAIZZI: Your Honor, apparently -- Mr. Rothman
24 just reminded me. We were retained right around that time,
25 June 21st I think she said, and we received a bunch of

1 documents on that -- on, I think, that date, on or about that
2 date. And what got produced -- we did not produce the other
3 three because it was a mistake. It wasn't an attempt to
4 withhold any information. There's no reason to produce one and
5 not the other three. It's not obviously to our benefit.

6 But we had them in June. And, quite frankly, it
7 didn't come up out of the document folder or zip file when it
8 came. It may have been a mistake, somebody thought they were
9 all the same, or some other reason. I can't tell you exactly
10 why the reason one got produced and the other three didn't.

11 THE COURT: Ms. Sanger, your objection is that you
12 are concerned about the date they were created?

13 MS. SANGER: Yes. We are concerned about the
14 authenticity of the documents. I do see Mr. Poujade's lawyers
15 in the courtroom here have their computers with them. If they
16 are able to produce the original files, that would help allay
17 our concerns.

18 MR. ROTHMAN: Your Honor, if I may, when I was
19 involved -- I was the one personally involved in this --

20 THE COURT: Let me have your appearance again.

21 MR. ROTHMAN: Sure. My name is Ari Rothman,
22 Roger Colaizzi's partner.

23 When we were retained for this, it happened very
24 quickly. We asked to receive a lot of documents from our
25 client relative to this matter. They were all uploaded to a

1 Dropbox or a box file on or about June 20th or June 21st. I
2 can't remember the exact date.

3 That probably explains why the metadata on the PDF
4 is that date is because that's when it was uploaded to the
5 cloud and either downloaded by us -- I don't remember exactly
6 who downloaded or what. I don't handle that piece of it. But
7 somebody at our office downloaded it. And so that would
8 resolve that issue or in terms of why that date appears there.
9 It wasn't a date that we created the document or anything like
10 that. It was a date that it was uploaded and then subsequently
11 downloaded by somebody on our team.

12 In terms of the original documents, we do not have
13 those. This is what we have.

14 THE COURT: Okay. Just in terms of when they were
15 provided to the FTC, that was accomplished yesterday; is that
16 correct?

17 MR. COLAIZZI: Last night, yes, Your Honor, in
18 response to a question about why was the promissory note dated
19 January 2 when the loan was in November.

20 THE COURT: Okay.

21 MR. COLAIZZI: And why it was it for a
22 hundred instead of --

23 THE COURT: The objection is overruled. The 2, 3,
24 4, and 5 will be received.

25 (Poujade Exhibit Nos. 2, 3, 4, and 5 received into evidence.)

1 MR. COLAIZZI: Thank you, Your Honor. I think I'm
2 really done.

3 THE COURT: Have we concluded with the witness?
4 Yes?

5 Thank you, sir.

6 THE WITNESS: Thank you, sir.

7 THE COURT: Mrs. Cardiff, would you come forward,
8 please.

9 THE CLERK: Do you solemnly swear that the testimony
10 you shall give in the cause now before this Court shall be the
11 truth, the whole truth, and nothing but the truth, so help you
12 God?

13 THE WITNESS: I do.

14 THE CLERK: Please be seated.

15 MR. RODRIGUEZ: Your Honor, my name is Edwin
16 Rodriguez. I'm representing the Federal Trade Commission.

17 THE COURT: One moment.

18 THE CLERK: Will you please state and spell your
19 full name for the record.

20 THE WITNESS: Yes. Eunjung Cardiff, E-u-n-j-u-n-g,
21 C-a-r-d-i-f-f.

22 THE COURT: Your witness.

23 EUNJUNG CARDIFF,
24 called as a witness, was sworn and testified as follows:

25 ///

1 CROSS-EXAMINATION

2 BY MR. RODRIGUEZ:

3 Q Mrs. Cardiff, you stated in your declaration that
4 when Clover Cannastrip was incorporated on July 31st, 2008, you
5 were a director of that company; is that correct?

6 A Yes.

7 Q I'm putting your declaration up on the screen so
8 you can take a look at it. This is Document 147-2, and it's on
9 page 3.

10 So you did confirm, didn't you, that you were a
11 director of Clover Cannastrip on July 31st?

12 A Yes.

13 Q And you were also a signer on the company's bank
14 account at TD Bank Canada; is that correct?

15 A Yes. But not on July 31st.

16 Q In fact, you and your husband have been the only
17 two signatories on that account; isn't that right?

18 A Yes.

19 Q Mrs. Cardiff, I'm directing your attention to --

20 THE COURT: Would you identify the document on the
21 screen, please?

22 MR. RODRIGUEZ: Yes. On the screen is 144-1,
23 page 20 of 38.

24 THE COURT: Thank you.

25 BY MR. RODRIGUEZ:

1 Q Directing your attention to a TD Canada Trust
2 Business Banking and Services Agreement dated October 4th,
3 2018, that document identifies you as the manager of
4 Clover Cannastrip, doesn't it?

5 A Yes. I don't see where it says that though. I
6 spoke too soon on that. I didn't see.

7 Q I'll put it up on the screen for you. This is
8 page 27 of Document 144-1.

9 THE COURT: Can you pull it down so I can -- yes.
10 Thank you. The question?

11 MR. RODRIGUEZ: Excuse me for one second. I'm
12 trying to get the whole document on the screen so that it's a
13 complete image. That's the best we can do.

14 Q Doesn't this document bear your signature at the
15 bottom?

16 A Yes.

17 Q On this page, page 27, aren't you identified as
18 the manager of Clover Cannastrip Thin Film Technologies?

19 A Yes. Is this the same document from earlier?

20 Q Yes.

21 A Okay.

22 Q Is your answer yes?

23 A Yes.

24 Q Again, is that your signature on that page?

25 A Yes.

1 Q Do you see that both signatures are dated
2 October 4th?

3 A Yes, it's dated October 4th. But that's not my
4 handwriting.

5 Q The date or the signature?

6 A The date.

7 Q Now, since this document is dated October 4th, do
8 you claim that -- you also claim in your declaration that you
9 resigned as a director of Clover Cannastrip only four days
10 later on October 8th; is that correct?

11 A Yes.

12 Q Are you asking the Court to believe that you
13 would go to the trouble of submitting a document to TD Canada
14 on October 4th or even --

15 THE COURT: Rephrase the question. It's
16 argumentative.

17 MR. RODRIGUEZ: Okay.

18 Q Did you, in fact, submit a document to TD Canada
19 dated October 4th or even in late September, if your husband's
20 testimony is believed, only to resign four days later --

21 THE COURT: Compound question. Rephrase.

22 MR. RODRIGUEZ: Okay.

23 Q Is it true that you submitted this document
24 either on October 4th or soon -- sometime during that period?

25 MR. WHITE: Objection. Vague.

1 THE COURT: When did you submit the document if you
2 did?

3 THE WITNESS: I don't remember when I submitted the
4 document.

5 BY MR. RODRIGUEZ:

6 Q Yesterday your husband stated that in late
7 September you went on vacation to Nova Scotia and that it was
8 in late September. Does that refresh your recollection?

9 A Yes. We went to New York, a few places, Nova
10 Scotia being one of them.

11 Q So was it at that time that this document was
12 submitted to the bank?

13 A Yes.

14 Q And you resigned on October 8th?

15 A Yes.

16 Q Which would make it approximately about a week
17 after this document was submitted; is that correct?

18 A No, since the date I signed the document it would
19 be two and a half weeks.

20 Q Now --

21 THE COURT: I'm confused. The document that's on
22 the screen now, do you recall signing that document?

23 THE WITNESS: Yes, in September --

24 THE COURT: What was the date that it was signed?

25 THE WITNESS: I believe it was maybe September 19th

1 or 20th in Nova Scotia.

2 BY MR. RODRIGUEZ:

3 Q So that would make it about two and a half weeks
4 before you resigned; is that correct?

5 A Yes.

6 Q Did you know at the time that you signed this
7 document that you would have to resign?

8 A No, I did not know.

9 Q So you didn't have any discussions with
10 Jacques Poujade about the necessity of you resigning from
11 Clover Cannastrip?

12 A I never spoke to him about that subject.

13 Q How did you learn that you would have to resign?

14 A My husband told me.

15 Q What did you get in return for your alleged
16 resignation?

17 A I don't understand that question.

18 Q Did you get any compensation for your
19 resignation?

20 A No.

21 Q So you walked away from what has been described
22 as a lucrative cannabis business for nothing? Is that your
23 testimony?

24 A I don't know if it was a lucrative cannabis
25 business the day I resigned.

1 Q But you walked away for nothing?

2 A I resigned, yes.

3 Q And you received nothing in return for your
4 resignation?

5 A No, I did not.

6 THE COURT: Before you remove the document -- if you
7 can put it back up.

8 So the document is dated October 4th, 2018.

9 THE WITNESS: Yes.

10 THE COURT: You testified that you placed your
11 signature on the document September 19th?

12 THE WITNESS: Yes.

13 THE COURT: Why didn't you date the document when
14 you placed your signature on it?

15 THE WITNESS: I don't know. I was at the bank, and
16 they asked us to sign, and I signed it. And I don't know why I
17 didn't date it.

18 THE COURT: Did you recognize that there was a
19 portion of the document that called for a date at the time you
20 signed it?

21 THE WITNESS: I may have. I believe so, but that is
22 not my handwriting.

23 THE COURT: I understand that. Why didn't you place
24 the date in that portion --

25 THE WITNESS: I don't know.

1 THE COURT: -- at the time you signed it?

2 THE WITNESS: I don't know. I don't know why I did
3 that or didn't do that at the time.

4 THE COURT: Thank you.

5 BY MR. RODRIGUEZ:

6 Q Mrs. Cardiff, I'm directing your attention to a
7 document that's marked Document 134-12, page 45.

8 THE COURT: Would you pull it down so I could make
9 sure that's correct? Thank you.

10 BY MR. RODRIGUEZ:

11 Q We obtained this document pursuant to a subpoena
12 to Mr. Jacques Poujade.

13 MR. THURMAN: Your Honor, I'd like to raise a
14 concern.

15 THE COURT: You can state an objection.

16 MR. THURMAN: Thank you. That the FTC and the
17 receiver appear to have sent out many, many subpoenas and
18 copies of the Court's order but have not --

19 THE COURT: What's your objection?

20 MR. THURMAN: The objection is that this document I
21 don't think was produced to the defendants before the FTC used
22 it as an exhibit in this case.

23 THE COURT: Are you confident of that, that it was
24 not produced to you or Mr. White?

25 MR. THURMAN: It was not produced to me. It's

1 possible it may have been produced to Mr. White.

2 THE COURT: Why don't you consult with Mr. White
3 first.

4 MR. THURMAN: Thank you.

5 (Discussion held off the record.)

6 MR. THURMAN: Your Honor, I'm going to withdraw the
7 objection. Thank you.

8 THE COURT: Thank you.

9 BY MR. RODRIGUEZ:

10 Q Can you please read from this document what the
11 balance was on September 10th before you resigned.

12 MR. THURMAN: Objection, Your Honor. Misstates the
13 date of Ms. Cardiff's resignation as a director.

14 THE COURT: Overruled.

15 Ask the question again. I'm not sure I -- go ahead.
16 What's your question?

17 BY MR. RODRIGUEZ:

18 Q Would you please read the balance as of
19 September 10th, 2018, before you allegedly resigned on
20 October 8th.

21 A Next to September 10th and then balance it says,
22 "\$500,000."

23 Q Okay. And on September 13th, that balance had
24 gone up to 1,840,000, again, before you resigned; isn't that
25 right?

1 MR. THURMAN: I'd object again. Mr. Rodriguez is
2 misstating the date of her alleged resignation which was
3 October 8th which is before those dates.

4 MR. RODRIGUEZ: I didn't mention the date.

5 THE COURT: Ask the question again.

6 BY MR. RODRIGUEZ:

7 Q And on September 13th on this document, that
8 balance had gone up to \$1,840,000, and September 13th is before
9 the date that you allegedly resigned; isn't that right?

10 A September 13th is before October 8th, yes.

11 Q Okay. And on September 28th, again, which occurs
12 before the date you resigned, the balance was \$1,787,252.54;
13 isn't that right?

14 A Yes, that's what it says on the statement.

15 Q I'm directing your attention now to the same
16 document but page 44. Isn't it true that on October 4th, 2018,
17 which is the same date on the TD Canada agreement, that the
18 balance in this account was 1,724,000 -- \$1,724,143.03, wasn't
19 it?

20 A Are you referring to the previous document as an
21 agreement?

22 Q Yes.

23 A I don't know if I'd call it an agreement. But on
24 October 4th it says \$1,724,143.03.

25 Q So is it your testimony that you walked away from

1 being a director and manager from Clover Cannastrip only
2 four days later from October 4th with no compensation despite
3 all the money in that account?

4 A I have not seen this document until now.

5 Q But you were a signatory on this account; isn't
6 that correct?

7 A Yes, I was.

8 Q So as one of the two signatories on the account,
9 are you saying you had no idea what the account balance was?

10 A Yes. I also say that in my declaration.

11 Q And you walked away from the business without
12 checking?

13 A Yes.

14 Q Now, you graduated from Columbia University,
15 didn't you?

16 A Yes.

17 Q And you are a sophisticated business woman who
18 has worked as a marketing executive; right?

19 A I have worked as a marketing executive.

20 Q Not only at Redwood but also at a media placement
21 agency called Cannella Response Television; isn't that right?

22 A Yes.

23 Q And you have claimed that, while you were at
24 Cannella, you grew that business from zero dollars to nearly
25 \$3 million per year in fewer than three years; isn't that

1 right?

2 A Yes.

3 Q And you served as the managing director for
4 Cannella for five years?

5 A I believe it was about five years.

6 Q And yet with all that experience, you didn't feel
7 that it was necessary to know what the balance of your own bank
8 account was?

9 A It wasn't my bank account. I was a signer on it.
10 And yes, I did not know the balance on October 8th.

11 Q Now, do you see on this same page that
12 \$1.2 million was transferred out of the Clover Cannastrip
13 account on October 16th?

14 A Yes.

15 Q Did you know about that debit?

16 A No.

17 Q Do you see the \$360,000 debit on October 18th?

18 A Yes.

19 Q Is it also your testimony that you did not know
20 about that debit?

21 A That's correct.

22 Q And you felt no responsibility as a manager to
23 know what was going on with the account?

24 A No, I did not. I was a signer and a manager, but
25 I did not feel that responsibility.

1 Q But you were aware of the asset freeze as of
2 October 12th; right?

3 A We were served the TRO on October 12th, correct.

4 Q And after you were served with the TRO on that
5 date, you didn't take any steps to safeguard or preserve any
6 money in the TD Canada account; isn't that right?

7 A What do you mean by safeguard?

8 Q To prevent its transfer out of the account.

9 A No.

10 Q And did you seek at any point any clarification
11 from this Court about whether the money in that account was
12 subject to the asset freeze?

13 A No, I did not. I didn't really understand what
14 was going on on October 12th.

15 Q Did you seek any clarification at any time?

16 A I don't think so.

17 Q The temporary restraining order required you to
18 submit a financial statement to the FTC; isn't that correct?

19 A I believe so, yes.

20 Q And you did, in fact, submit a financial
21 statement dated October 25th, 2018; is that correct?

22 A Can I see it, please?

23 Q Did you submit a financial statement to the FTC?

24 A I don't remember.

25 Q You don't remember submitting any financial

1 statements to the FTC?

2 A Not on October 25th. I don't remember that.

3 Q Do you remember submitting any financial
4 statements to the FTC?

5 A Yes. I believe it was submitted last week,
6 financial statements.

7 Q But around -- the temporary restraining order has
8 an attachment, a financial statement. Did you submit that as
9 required by the TRO to the FTC?

10 A I don't remember if I submitted that on
11 October 25th. And it's my understanding whatever we did
12 submit, whether it was on October 25th, was incorrectly done.
13 We had no counsel at the time.

14 THE COURT: Before you move on, I'm -- you were a
15 director and manager at Clover Cannastrip; correct? What were
16 your duties and functions?

17 THE WITNESS: At the time I didn't have any duties
18 or functions. It was a new company, and I was not involved in
19 any of the raising or -- really, I guess, raising funds.

20 THE COURT: You were a director but had no duties?

21 THE WITNESS: A manager but I didn't have any duties
22 at the time.

23 THE COURT: And you were a manager and had no
24 duties?

25 THE WITNESS: Not at the time.

1 THE COURT: No responsibilities?

2 THE WITNESS: Not at the time. It was still a young
3 company.

4 THE COURT: Thank you.

5 BY MR. RODRIGUEZ:

6 Q Do you recall attending a hearing before this
7 Court on November 7th for the preliminary injunction?

8 A Yes.

9 Q I'm directing your attention to the transcript of
10 that hearing. At the hearing on November 7th, the FTC asked
11 the Court to issue a preliminary injunction requiring that you
12 provide bank account information. And specifically, Ms. Sanger
13 requested that the preliminary injunction require that the
14 Cardiffs provide bank account information, meaning names and
15 account numbers for any entities for which they were owners,
16 officers, or signatories during the past five years.

17 And my question to you is at that time, didn't
18 the -- didn't the reference to the last five years jog your
19 memory that you were a signatory of the Clover Cannastrip
20 account within the last five years?

21 A I did not think that. I did not think anything
22 the first time I appeared in front of this Court.

23 So no, I didn't think about anything when I
24 appeared in front of this Court for the first time, Your Honor.

25 Q But isn't it true that you did not take that

1 opportunity to disclose the Clover Cannastrip account and the
2 fact that you were a director and manager?

3 A Not that day.

4 Q Now, the TD Bank agreement that has the
5 October 4th date on it, even if you did sign it in
6 mid-September, the period between September and November 7th,
7 the date of the hearing, is not very long. So you didn't
8 remember that you had signed that agreement in the past
9 five years?

10 A On that day, November 7th, I didn't remember
11 anything. Everything was a little bit shocking to me that day
12 when I first appeared in front of this Court. I wasn't
13 thinking about signatories. I was just trying to figure out
14 what was going on in reference to the TRO.

15 Q Despite the fact that you were the signatory on
16 that account, you didn't take that opportunity to seek any
17 clarification from the Court about your reporting obligations
18 relating to the TD Canada account, did you?

19 A Not that day.

20 Q Mrs. Cardiff, I'm directing your attention to
21 Document 59, page 18. This is a copy of the preliminary
22 injunction entered against you by the Court. And I'm directing
23 your attention to section 9, subparagraph C.

24 Now, this is a preliminary injunction against you
25 and you received a copy of this, didn't you?

1 A Yes.

2 Q And section 9, subparagraph C specifically reads
3 as follows:

4 That you were supposed to, quote, "Identify to
5 plaintiff's counsel and the receiver all bank accounts for all
6 entities for which Defendant Jason Cardiff or Defendant Eunjung
7 Cardiff has been an officer, director, member, owner, or
8 signatory for the last five years."

9 Now, did this not jog your reporting obligations?

10 A No, not that day.

11 Q When did it jog your reporting obligations?

12 A My husband and I, we tried to go back and list
13 all of the entities on our own. It didn't jog my memory about
14 the Clover Cannastrip because I've never even seen a statement
15 and I had no involvement in any of the banking.

16 Q Now, this provision specifically references
17 directors, signatories last five years. You were both a
18 director and a signatory on the Clover Cannastrip account
19 within the last five years and yet this provision -- is it your
20 testimony that you did not understand it?

21 A I understand it now, but it just didn't come to
22 my mind that day.

23 Q What day?

24 A When I first appeared in front of this Court,
25 November 7th.

1 Q This is the preliminary injunction that was
2 issued the following day against you. And did it jog your
3 recollection about your involvement with Clover Cannastrip at
4 any time?

5 A I don't believe it did.

6 THE COURT: Your degree from Columbia is in what
7 area?

8 THE WITNESS: History, East Asian history.

9 BY MR. RODRIGUEZ:

10 Q Do you recall that one of the issues at the
11 November 7th hearing was your withdrawal of \$3,715 from Chaffey
12 Federal Credit Union on October 12th, 2018?

13 A Yes.

14 Q Do you recall that another issue before the Court
15 that day was your visit on October 17th, 2018, to a post office
16 to take mail that was under the receiver's domain?

17 A I remember that came up as well, but I don't know
18 what date it was.

19 Q Mrs. Cardiff, I'm directing your attention again
20 to the hearing transcript for the hearing of November 7th.

21 Do you recall that at that hearing the Court
22 admonished you that it had, quote, "Significant concerns that
23 you have not been complying with the prior order and notice
24 issued by this Court. So going forward, make sure that you are
25 diligent in compliance with the Court's orders. There are

1 significant consequences that could be imposed if you are in
2 violation of the Court's orders. And just make sure that you
3 make all reasonable efforts to comply"? Do you see that?

4 A I see that.

5 Q Do you recall that admonition?

6 A I see it here in the transcripts, but I remember
7 it did not go so well with His Honor that day.

8 Q Now, isn't it true that despite the Court's
9 admonishment, you have never disclosed until the last couple of
10 days that you were a director of Clover Cannastrip?

11 A I believe so, yes. I believe that's in our
12 financial disclosure that we sent last week.

13 Q When?

14 A Last week.

15 Q But that was the first time you disclosed that;
16 right?

17 A I believe so.

18 Q And that was -- was that also the first time that
19 you disclosed that you were a manager of Clover Cannastrip?

20 A I believe so.

21 Q Now, the Clover Canada account contained close to
22 \$2 million after the date of the TRO. And did you take the
23 opportunity after the Court's admonishment to seek any
24 clarification from the Court or an attorney?

25 A I didn't have --

1 THE COURT: Complete your question, please.

2 BY MR. RODRIGUEZ:

3 Q Despite the Court's admonishment, did you seek
4 any clarification from the Court about whether you needed to
5 report those assets?

6 A We didn't have any representation. We didn't
7 have any counsel. I didn't -- even if I wanted to, I wouldn't
8 have known how to communicate with the Court. I wanted to have
9 some follow-up questions after we left court that day. I
10 really didn't know how to communicate with the Court.

11 Q When did you retain counsel?

12 A I believe it was February or March. I'm not sure
13 about the exact date.

14 Q Mrs. Cardiff, the FTC deposed you on March 28,
15 2019; isn't that correct?

16 A Yes.

17 Q And at that deposition, you refused to answer any
18 questions; isn't that correct?

19 A So by the advice of counsel a few weeks before
20 March --

21 Q Can you please answer my question? At that
22 deposition you refused to answer any questions; isn't that
23 correct?

24 A Yes.

25 Your Honor, may I clarify though?

1 THE COURT: No. There's a question-and-answer
2 format. Your lawyer will have an opportunity to clarify.

3 THE WITNESS: Okay. Yes.

4 BY MR. RODRIGUEZ:

5 Q And you refused to answer those questions based
6 on your Fifth Amendment right; isn't that correct?

7 A Yes.

8 Q And you refused to answer any questions about
9 your connection to Clover Cannastrip; isn't that correct?

10 A Yes.

11 Q When you were asked whether you were a control
12 person of Clover Cannastrip, you refused to answer that
13 question; isn't that true?

14 A Yes.

15 Q Now, this was yet another opportunity for you to
16 disclose your connection to Clover Cannastrip and you didn't;
17 isn't that correct?

18 A Yes. By the advice of counsel, I was advised to
19 assert my Fifth Amendment privilege.

20 Q Isn't it true you and your husband used money
21 that came to you through Alphatech to pay for personal
22 expenses?

23 A It was a loan.

24 Q Isn't it true you used funds from that account to
25 pay for personal expenses?

1 A Yes. We had a loan to pay for expenses.

2 Q Isn't it true that you haven't taken any steps to
3 turn over any Clover Cannastrip assets to the receiver?

4 A Yes.

5 Q Isn't it also true that you have not taken any
6 steps to turn over any Clover Cannastrip assets that were
7 transferred to PharmaStrip to the receiver?

8 A I don't know about any assets that were
9 transferred outside of Clover Cannastrip.

10 Q But you haven't taken any steps to turn over any
11 of those assets; isn't that correct?

12 A CloverStrips, yes. Yes.

13 MR. RODRIGUEZ: Your Honor, may I consult with
14 co-counsel for just a minute?

15 THE COURT: Yes.

16 MR. RODRIGUEZ: Thank you.

17 (Discussion held off the record.)

18 MR. RODRIGUEZ: No more questions, Your Honor.

19 THE COURT: Any questions?

20 MR. FLETCHER: No questions, Your Honor.

21 THE COURT: We are going to stop at 1:30 for a
22 recess. No later than 1:30. Do you prefer taking that recess
23 now?

24 MR. THURMAN: Yes, please, Your Honor.

25 THE COURT: Please return back at 25 to the hour.

1 It will be a 15-minute recess.

2 (At 2:18 p.m. a brief recess was taken.)

3 THE COURT: We are back on the record in the FTC
4 versus Cardiff. All parties are present and counsel remain.

5 So I'm assuming this is the last witness; is that
6 correct? Yes?

7 MS. SANGER: Yes, Your Honor.

8 THE COURT: Okay. Let's conclude.

9 MR. THURMAN: Thank you, Your Honor.

10 REDIRECT EXAMINATION

11 BY MR. THURMAN:

12 Q Ms. Cardiff, just before we broke, Mr. Rodriguez
13 asked you whether you had taken any steps to turn over the
14 Clover Cannastrip assets to return them somehow to the
15 receiver. Is there anything that you could do today to cause
16 those assets to be returned to the receiver?

17 A No, there isn't.

18 Q Did you ever think that you had any right to or
19 claim for ownership of any of those assets?

20 A No, I did not.

21 Q Did you put any funds into the Clover Cannastrip
22 account yourself?

23 A No.

24 Q Did your husband put any funds in?

25 A No.

1 Q Did any of your businesses that you and your
2 husband -- various businesses that you've disclosed to the
3 FTC, were any funds from any of those businesses put in the
4 Clover Cannastrip accounts?

5 A No.

6 Q Mr. Rodriguez asked you about your trip to
7 Canada, and we talked about a bank account agreement that you
8 and your husband signed. Can you describe that trip in a
9 little more detail? How long were you in Canada? How long
10 were you in Nova Scotia?

11 A I believe we were there for one day. It was a
12 trip that lasted about a week and a half.

13 Q Where did you travel during the week and a half
14 that you were in Canada?

15 A We went to Nova Scotia, Montreal.

16 Q Did you go to Canada for the purpose of signing
17 the bank account in Nova Scotia?

18 A No.

19 Q How did the fact that you signed the bank account
20 agreement in Nova Scotia come up?

21 A We started that trip in Montreal, and I believe
22 we went to New York, Boston, Rhode Island, and then one of our
23 stops was in Nova Scotia. So my husband suggested that we
24 visit a branch and add myself as a signatory. And I believe
25 that was towards the end of the trip.

1 Q And do you have any recollection regarding when
2 your trip finally ended and you returned to Southern
3 California?

4 A Yes. Because it was two or three days -- three
5 days, I believe, before our daughter's fifth birthday. So
6 September 24th.

7 Q So you returned two or three days before
8 September 24th; is that correct?

9 A It would have been September 24th, the return
10 date.

11 Q So you were back by September 24th. The trip had
12 taken about a week and a half; is that correct?

13 A Yes.

14 Q And the Nova Scotia part was when?

15 A I believe it was four or five days prior to our
16 return.

17 Q So around September 19 or 20?

18 A Yes.

19 Q When you went to the bank, did you meet with a
20 banker?

21 A Yes.

22 Q And did they sit down with you and fill out
23 documents for you and your husband?

24 A They presented me with a signatory card that's
25 now being called "the agreement."

1 Q Approximately how long did that meeting take?

2 A Maybe 45 minutes.

3 Q Do you have any recollection whether you were
4 asked to date that document or not date it? Do you remember
5 one way or another?

6 A No.

7 Q Mr. Rodriguez asked you why you did not disclose
8 your role with Clover Cannastrip as a director and as a
9 signatory prior to the disclosure that you've made recently.
10 Did you do so on purpose? Did you intentionally avoid
11 disclosing your role in Clover Cannastrip?

12 A No.

13 Q Were you trying to hide that fact from the FTC or
14 the receiver?

15 A No, not at all.

16 Q Did you ever do any work on behalf of Clover
17 Cannastrip?

18 A No.

19 Q Did you anticipate you would had things gone as
20 you had originally expected?

21 A I didn't have any expectations.

22 Q Did you ever have any ownership interest in
23 Clover Cannastrip?

24 A No.

25 Q And you testified that you resigned as a director

1 of Clover Cannastrip on October 8, 2018; is that correct?

2 A Yes.

3 Q I'd like to show you a document. It's marked
4 147-2, and it's page 7.

5 THE COURT: Thank you.

6 BY MR. THURMAN:

7 Q Do you recognize this document, Ms. Cardiff?

8 A Yes.

9 Q What is it?

10 A It is my resignation as a director.

11 Q Did you sign it there at the bottom?

12 A Yes.

13 Q When did you sign it?

14 A October 8th.

15 Q Why did you sign this document?

16 A My husband told me that he had some ongoing
17 discussions with Mr. Poujade and that our involvement would
18 hinder their -- the company's growth and survival, I guess.

19 Q I think it's been established you didn't receive
20 anything in return for signing this document; is that correct?

21 A No.

22 Q Were you present when your husband signed any
23 resignation papers from the company?

24 A I believe we did sign them together.

25 Q Let me show you another document. This is

1 Document 147-1, page 13. Do you recognize this document?

2 A Yes.

3 Q What is it?

4 A It's Jason Cardiff's resignation from the
5 company.

6 Q Did you see Mr. Cardiff sign this document?

7 A Yes. We were together.

8 Q And when did he sign it?

9 A October 8th.

10 Q Do you know what happened to these documents as
11 far as what was done with them after you signed them?

12 A I do not.

13 Q Did you ever participate or assist or have
14 anything to do with any banking transactions in connection with
15 the Clover Cannastrip account other than signing the signature
16 form up in Nova Scotia?

17 A No.

18 Q You never wired any money or withdrew any money
19 or anything like that?

20 A No.

21 Q Mr. Rodriguez showed you a provision from the
22 preliminary injunction that was entered by the Court in
23 November 2018. It specifically was Section 9, Subsection C.
24 And it described a requirement to provide information regarding
25 any companies that you had bank accounts or were a director of

1 or an officer. Have you subsequently complied with that
2 requirement?

3 A Yes.

4 Q When did you do that?

5 A Last week.

6 Q At the same time, did you assist in preparing
7 financial disclosures for all of the companies that were
8 required to be disclosed by the Court?

9 A Yes.

10 Q Did you provide an inventory of your household
11 items to the receiver in FTC in connection with the
12 requirements of the order?

13 A Yes.

14 Q To the best of your ability, have you done
15 everything that you could do in connection with complying with
16 the order?

17 A Yes.

18 Q Do you have any ability to repatriate any funds
19 that you or your husband have that have not been returned to
20 the receiver?

21 A No.

22 Q You have not to the best of your ability -- or
23 have you tried to the best of your ability to repatriate any
24 funds?

25 A Oh, yes.

1 Q If you were asked today or at any time by the
2 receiver to assist by signing a document or contacting a bank,
3 would you do so?

4 A Yes.

5 Q Have you been out of the United States since your
6 trip to Nova Scotia in September of 2018?

7 A No.

8 Q Has your husband been out of the United States
9 since that time?

10 A No.

11 MR. THURMAN: Thank you, Your Honor.

12 THE COURT: Thank you.

13 Mr. Rodriguez, any additional questions?

14 MR. RODRIGUEZ: Yes, I have a few.

15 THE COURT: Keep it short, please.

16 MR. RODRIGUEZ: Just a few questions Your Honor.

17 REXCROSS-EXAMINATION

18 BY MR. RODRIGUEZ:

19 Q Mrs. Cardiff, I'm directing your attention to
20 your declaration, Document 147-2 at page 2. Do you see that?

21 A Yes.

22 Q In paragraph 4 it reads, "Our company Redwood was
23 founded in 2014 with personal investments from only myself and
24 my husband. And that only just before when the company went
25 public in April 2018 were there" -- "where there were other

1 investors in Redwood." Do you see that?

2 A Yes.

3 Q So from the period from 2014 to when the company
4 went public in 2018 -- that's four years -- you operated that
5 entity with your husband; isn't that correct?

6 A Yes. And other employees.

7 Q Yes. And Mr. Jacques Poujade was not involved,
8 was he?

9 A He was not an employee.

10 Q You ran this entity successfully for four years,
11 didn't you?

12 A We ran it for four years.

13 Q Now, this company was an oral thin film business,
14 wasn't it?

15 A We didn't manufacture anything. We bought
16 product from overseas.

17 Q And those products were oral thin films; isn't
18 that correct?

19 A Yes. But we also had other products like
20 flashlights.

21 Q Now, focusing on the oral thin films, how many
22 oral thin films -- how many kinds were there?

23 A Can you be more specific?

24 Q How many products that were oral thin films did
25 you sell?

1 A We sold maybe around five that were actually
2 sold. We ordered maybe around eight or nine different types.

3 Q Okay. And of those types, one of them was
4 TBX Free; isn't that correct?

5 A Yes.

6 Q Another was one was Eupepsia Thin; isn't that
7 right?

8 A Yes.

9 Q And another one was Prolongz; right?

10 A Yes.

11 Q And there was also a product for insomnia; is
12 that correct?

13 A There was a sleep aid.

14 Q Okay. And what other aids were there? What
15 other products?

16 A We had a women's product, a libido product. But
17 no one ever bought that. We bought an aspirin, but we didn't
18 necessarily market that. I think there was a melatonin
19 product.

20 Q Did there ever come a time when Redwood started
21 selling oral thin films with CBD?

22 A For a short time, yes.

23 Q And under the brand name CloverStrips?

24 A It was called CloverStrip, yes.

25 Q So since you had been selling so many different

1 kinds of oral thin films, couldn't you also have engaged in --
2 strike that.

3 I have no more questions, Your Honor.

4 THE COURT: Thank you.

5 Final questions?

6 MR. THURMAN: No, Your Honor.

7 THE COURT: Thank you for your testimony.

8 Any additional evidence that has not already been
9 received?

10 MR. THURMAN: Your Honor, I have one important issue
11 I just wanted to raise with the Court. I alluded to it earlier
12 during Mr. Cardiff's examination.

13 We are very concerned about the Court being
14 knowledgeable about the present status of the TD Canada
15 CloverStrip account. If that account is not frozen, the
16 Cardiffs are happy to sign any documentation to release those
17 funds to the receiver. On the other hand, if that account is
18 already frozen, then it seems like it should not be an issue
19 for this Court in terms of contempt since they have no control
20 over that account.

21 But we've been unable to determine from the
22 receiver's counsel whether or not that account is frozen.

23 THE COURT: Response?

24 MR. FLETCHER: Yes, Your Honor. A demand has been
25 made by the receiver on TD Canada. We have information from

1 TD Canada. I would have to take instructions from the receiver
2 whether the account has been formally frozen or not.

3 I'm not aware of anything other than a repeated
4 demand since November for cooperation, turnover that hasn't
5 been ceded to. I understand that the Cardiffs are scrambling
6 now over the last couple of days to do that. But I'm not aware
7 of anything at the moment in that regard.

8 And I will tell the Court that it's been the
9 perception of the receiver and certainly this counsel that the
10 collective defendants' side wants to know a lot of different
11 things because they only want to feed back to the receiver that
12 which the receiver already knows about. And so we have
13 purposely not responded to a number of requests that have been
14 made because of, frankly, game playing that we see going on in
15 this proceeding.

16 As specifically to the TD Canada account, I will ask
17 the receiver if the Court wants me to.

18 THE COURT: Okay.

19 Go ahead.

20 MR. THURMAN: I'm very new to the case. If there's
21 a change in tactics, it's because there's new counsel, and the
22 questions I've been asking are questions that I'm used to
23 seeing receivers answer in the ordinary course of every FTC
24 asset freeze case I've been involved with.

25 So it's not any kind of game playing. As the

1 receiver and the FTC can confirm, since I've arrived in the
2 case, we've made extensive efforts to try and disclose and are
3 ready, willing, and able to disclose anything else that we can.

4 We want to cooperate. And at the same time, I do
5 expect the receiver to make full reports both to the Court
6 about inventory and assets that have been secured as well as
7 share with counsel information about document requests and
8 things like that.

9 This particular item though is germane to this
10 hearing, and that is determining the status of that account is
11 critical for the Court's decision on whether or not there's
12 been a contempt. And so we want to get that resolved.

13 THE COURT: So it would appear at this time that
14 because we have new counsel representing the Cardiffs on the
15 case, that new counsel and the counsel for the receiver, the
16 receiver and the FTC should make some additional efforts to try
17 to resolve the dispute.

18 The matter will be put over until tomorrow.
19 Tomorrow the Court will -- if the case is not resolved
20 tomorrow, the Court will hear argument from counsel. And --
21 regarding whether the FTC has established that the Cardiffs
22 have violated orders issued by the Court and then the issue of
23 appropriate remedy.

24 MR. FLETCHER: Thank you, Your Honor.

25 THE COURT: Okay. So see what you can do to resolve

1 the case this evening.

2 MR. THURMAN: Thank you, Your Honor.

3 THE COURT: Thank you.

4 Let's have everybody return at 9:00 tomorrow.

5 MR. THURMAN: Thank you.

6 THE COURT: Thank you.

7 And please give new counsel an opportunity to see if
8 the issues could be resolved.

9 MR. FLETCHER: Certainly, Your Honor.

10 (At 2:58 p.m. the proceedings adjourned.)
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DATED THIS 3RD DAY OF AUGUST, 2019.

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